

Negotiating Group on Trade Facilitation

MINUTES OF THE MEETING

Held in the Centre William Rappard
on 22-23 November 2004

Chairman: Mr. Muhamad Noor Yacob (Malaysia)

1. The Chairman noted that the proposed agenda for the present session had been circulated in WTO/AIR/2441 and REV.1. The purpose of the meeting was two-fold. First, to engage in an educational and stock-taking process, involving briefings by the Secretariat on relevant issues, as well as by UNCTAD, the World Customs Organization and the World Bank on the work they were carrying out on Trade Facilitation and the programmes and facilities they were able to offer to support developing countries and LDCs through capacity building in that area. Secondly, delegations would be invited to make contributions on the agenda of the Negotiating Group as agreed at the Groups' first session.

2. Furthermore, Members would be invited to admit relevant international organizations, including the IMF, OECD, UNCTAD, WCO and the World Bank, to attend the next meeting of the Negotiating Group on an *ad hoc* basis.

3. Under "Other Business", the representative of Chile noted that her delegation wished to offer some information on the APEC Ministerial Declaration on Trade Facilitation.

4. The agenda was adopted.

A. EDUCATIONAL AND STOCKTAKING PROCESS

5. The Chairman recalled Members' agreement to devote at least part of the meeting to an educational and stocktaking process. That had been requested by many delegations, and would be useful to enhance Members' understanding of the issues at stake.

6. The representative of the WTO Secretariat noted that she would like to dedicate the first part of her presentation to a brief analysis of the core regulatory framework under consideration in the negotiations – Articles V, VIII and X of the GATT. These had been the main reference point for Members' engagement on Trade Facilitation in the WTO since the beginning.

7. She would look at the main obligations prescribed in the Articles and at guidance given by GATT and WTO panels on their interpretation. A second part of her presentation would describe technical assistance activities carried out by the Secretariat in the area of Trade Facilitation, touching upon the products, principles and programmes of that work.

8. Article V of the GATT aimed to secure free transit of goods across the territories of each Member by setting out a number of specific obligations. The Article covered goods but not persons, despite earlier attempts in the negotiating history of the provision to include them as well. On the other hand, efforts were successful to broaden the Article's coverage to have it extend to other means of transport despite initial calls in the preparatory process to opt for a more narrow scope. The only exception to that principle related to the operation of aircraft in transit, which the drafters of the Article wanted to leave for the International Civil Air Organization to deal with. The other limitation to the requirement to allow for free transit was that it only had to be granted "through the routes most convenient for international transit".

9. Members were required not to discriminate on the basis of several criteria such as flag of the vessel, place of origin, departure, entry, exit or destination, ownership of the goods etc. The text set out the key requirement that transit traffic was not to be subject to any unnecessary delays or restrictions. Customs duties, transit duties or other charges in relation to transit were not to be imposed, except for (i) charges for transportation or (ii) those commensurate with administrative expenses entailed by transit or (iii) with the cost of services rendered. Those charges were required to be reasonable, having regard to the conditions of the traffic. The Article further contained a MFN requirement with respect to all charges, regulations and formalities of transit traffic. An interpretative note to Article V:5 specified that, as regards transportation charges, the obligation referred to like products being transported on the same route under like conditions.

10. As regards relevant jurisprudence, there was no case involving Article V after almost sixty years since the Article's entry into force. That was not to say that there had never been any arguments amongst the membership on the Article. There had even been some cases involving the initial stages of dispute settlement proceedings, but they had all been settled by means other than panel rulings.

11. GATT Article VIII aimed to limit the fees and formalities a Member could legitimately impose on or in connection with importation or exportation by requiring them to be (i) limited in amount to the approximate cost of services rendered, (ii) not to represent an indirect protection to domestic products or (iii) a taxation of imports or exports for fiscal purposes. It was important, however, to keep in mind that the Article only extended to a residual category of fees and charges, namely all that were neither import or export duties nor charges within the purview of Article III of the GATT. Members were required not to impose any substantial penalties for minor breaches of customs regulations or procedural requirements. In particular, it was prohibited to levy any penalty for an omission or mistake in customs documentation that was easily rectifiable and made without fraudulent intent or gross negligence beyond that necessary to serve as a warning. A recommendation adopted by Members in 1952 suggested that no charge other than that for the replacement of a document should be imposed for mistakes made in good faith, and that corrections of the original documents should be allowed within reasonable limits. Furthermore, the Article offered an opportunity for any Member to request another Member to review the operation of its laws and regulations in the light of Article VIII.

12. The second part of the Article contained some sort of hortatory statements. Members "recognized" the need for (i) reducing the number and diversity of fees and charges covered by the provision, and (ii) minimizing the incidence and complexity of import and export formalities and for decreasing and simplifying import and export documentation requirements.

13. Further guidance on the interpretation of the Article was available from GATT and WTO jurisprudence, involving a number of rulings on various aspects of the provision. Prominent examples of key findings in that context included rulings on the types of fees and charges covered by Article VIII, on the meaning and coverage of the requirement to limit charges to the approximate cost of services rendered, on the elements for the calculation of such services, on the conformity of

ad valorem fees, and on the requirements for the determination of whether a fee constituted taxation for fiscal purposes. Details of those findings could be found in G/C/W/391.

14. GATT Article X aimed to ensure a certain level of transparency with respect to the publication and administration of trade regulations. To that end, the provision set out a number of specific requirements, starting with the obligation to promptly publish all relevant laws, regulations, decisions and administrative rulings of general obligation in such a manner as to enable governments and traders to become acquainted with them. An earlier drafting proposal to extend that obligation to the notification of those laws and regulations to the Secretariat was not taken up, but in 1964, Members decided to issue a recommendation to that end. Protection of confidential information was provided by ensuring that there was no requirement to disclose any data that would impede law enforcement, be contrary to public interest or prejudice legitimate commercial interests. A second key requirement of the Article was to prohibit the enforcement of a measure within the provision's coverage prior to its official publication.

15. Article X 3:a called for the uniform, impartial and reasonable administration of trade regulations. Paragraph 3:b required Members to maintain or institute tribunals or procedures for the prompt review and correction of administrative action relating to customs matters. However, the requirement was to do so "as soon as practicable", leaving room for a Member not to have such mechanisms while still being in conformity with the Article under certain conditions. Article X 3:b set out certain guarantees with respect to the independence of those tribunals from enforcement agencies. Guidance on the interpretation of several aspects of those obligations was available in GATT and WTO panel rulings. Clarifications were given on matters such as the scope of the Article and the precise meaning of terms like "general application", "published promptly" or "uniform, impartial and reasonable". Further information on those rulings could be found in G/C/W/374.

16. Turning to the technical assistance work carried out by the Secretariat in the area of Trade Facilitation, she noted that it covered several different products. Activities included regional seminars and workshops, which would be held in every region of the world in 2005, complemented by national seminars and workshops. Trade facilitation sessions and lectures could also be found in the framework of both Geneva-based and regional Trade Policy Courses, as well as in several specialized courses such as the Advanced Training Programmes for Senior Government Officials, Geneva Weeks, Introduction Courses, or activities carried out in the framework of the Joint Integrated Technical Assistance Programme (JITAP) and the Integrated Framework (IF). Technical assistance work would also take the form of joint activities executed with other organizations or groupings, the next one being the APEC-WTO Roundtable on Trade Facilitation scheduled for February 2005.

17. With respect to the Trade Facilitation-related technical assistance activities for 2005, there would be regional seminars/workshops in all parts of the WTO universe so that each developing and least developed country would have an opportunity to benefit from those events. They were planned to last 3 to 4 days, targeting participants from both the customs and the trade policy sector, with each country being allowed to send officers with such backgrounds. The reason for inviting representatives from those two areas was that it had been found useful to have some kind of exchange and coordination between the two institutions which were main partners in that process and needed to be aware of their respective work as well as of the Geneva events. There would also be a number of national seminars/workshops, depending on the requests received. Judging from the input received so far, it seemed that Africa could be a focus of those events, with a number of requests already having been submitted. As for Trade Policy Courses, there would be four in Geneva and five in other parts of the world, the first one being planned to take place in Jamaica followed by one in Hong Kong, two in Africa and one in Latin America. Activities in the context of specialized courses and programmes involved a range of activities spanning from Training Programmes for Senior Government Officials over Geneva Weeks for non-resident Members to special courses for LDCs and others. Examples of co-sponsored activities were the upcoming Roundtable with APEC, as well as a number of events

with several UN or Bretton Woods institutions and with certain regional bodies. Additional engagements were planned in the framework of JITAP and the Integrated Framework.

18. All of those activities were Member-driven, in that they responded to the extent possible to the requests from Members to the Secretariat. That was sometimes a challenging task as there was also a need for the Secretariat to balance its work with available resources. Therefore, it was necessary to identify certain priorities.

19. A principle of the Secretariat's technical assistance work was to carry out its activities in a coordinated and cooperative way, both internally and externally. Cooperation and coordination with external partners was important on two levels: first, in planning and executing joint activities and in developing common instruments like the database operated with the OECD, and second, in entering into a dialogue with other assistance providers within the framework of various groupings. One such forum was the Inter-Agency Meetings on Trade Facilitation, a body bringing together all the main international players in the Trade Facilitation arena like the UN organizations, the World Bank, OECD, IMF, WCO and many others, sometimes involving the participation of donor governments. Meetings were held on a regular basis, mostly in Geneva, to discuss technical assistance and other work, to explore possibilities for joint activities and to ensure that there were neither gaps nor overlaps. Another key forum was the Global Facilitation Partnership for Transportation and Trade, where the World Bank was particularly involved. That forum had a similar objective and a prominent product – a joint website – allowing everybody to get an overview of technical and other relevant Trade Facilitation work carried out by each of the public and private sector partners and offering a wide range of related background materials. Other examples of coordination and cooperation fora included the International Trade Procedures Working Group, involving several public and private sector players, as well as *ad hoc* meetings amongst representatives of key organizations at the margins of Trade Facilitation events and activities.

20. The representative of Pakistan said that, with respect to technical assistance, his impression was that there were many things happening but some of the activities were more of a generic nature, with not all of them being devoted exclusively to Trade Facilitation. Sessions on Trade Facilitation had been about GATT Articles V, VIII and X, without extending to other areas such as how countries should improve Trade Facilitation. There might be a need for a different policy here.

21. The representative of the Secretariat explained that the focus of individual activities varied in the sense that there were events (such as national and regional seminars and workshops) which were exclusively devoted to Trade Facilitation, while others were broader and covered other WTO topics as well. On a general level, technical assistance work by the Secretariat focussed on the implementation of Agreements and briefings on the relevant legal framework. The WTO was quite different from other organizations such as the World Bank or the UN in that respect, which had a different structure, different mandate and different budget. She agreed with Pakistan that technical assistance should not – and had never meant to be – limited to those activities carried out by the Secretariat, but the mentioned activities were what the Secretariat could do with its limited resources.

22. The representative of the Philippines asked whether there had been an attempt in the context of national and regional workshops to ask developing countries about their particular needs with respect to Trade Facilitation, especially regarding Articles V, VIII and X of the GATT. The identification of such needs was one of the key components of the Trade Facilitation mandate. With all the workshops that had taken place over the past years, she would have hoped that there was a compilation of very concrete needs expressed by developing countries with respect to the three Articles currently being reviewed.

23. The representative of the Secretariat replied that participants had been asked to provide information on their country's specific situation regarding Trade Facilitation ahead of the seminar.

They had been invited to submit country reports in preparation for the event, seeking information on the current status quo in terms of what kind of Trade Facilitation measures had already been carried out in the framework of national, bilateral or regional programmes, what had been the specific problems encountered in that regard, what were seen as the main barriers to their trade and what would be the priorities for Trade Facilitation measures to be implemented. Feedback had been received through those reports to a varying degree. For some seminars, 70 to 80 per cent of the participants had submitted such reports, while for others, the rate had been much lower. Those reports were then used as a basis for several working group sessions and practical exercises where participants gave further thought to the particular Trade Facilitation situation in their countries and prepared themselves for a third step of those events: a mock committee meeting, simulating the Geneva process with participants assuming the roles of representatives of their country, developing proposals, and presenting them orally in the framework of the simulation exercise. It was in that context that participants also touched upon their respective Trade Facilitation needs in a more narrow sense, by orally presenting ideas as to what could be done to overcome the remaining trade barriers arising from a lack of Trade Facilitation in their countries, and indicating what they would need in terms of assistance to that end.

24. The representative of the Philippines noted that that was very encouraging, and asked whether the information could be made available to the Negotiating Group as a starting point for its work in that area.

25. The representative of the Secretariat replied that participants had sometimes indicated that they did not want their informal inputs turned into formal documents. There were some confidentiality issues involved, since the participants came from customs or the trade policy sector without necessarily representing their governments, with several stressing the fact that they were only speaking in their personal capacity. This was also why there had been objections to the idea of making those reports available on the Internet. Furthermore, much of the more specific information had been presented orally.

26. The representative of Tanzania asked how the Secretariat was going to fund programmes identified by developing countries and LDCs related to capacity building and assistance in technical facilitation matters such as the formulation of legislation, support for the creation of a national human resource base for Trade Facilitation, and technical and financial support for government institutions dealing with Trade Facilitation. Would whether technical support take the form of seminars and workshops and would activities in the context of JITAP and the Integrated Framework include the creation of institutional linkages between the relevant international organizations, including IMF, OECD, UNCTAD, WCO and the World Bank, for the provision of technical assistance and support for capacity building on Trade Facilitation for developing countries and LDCs as an additional and complementary means of support?

27. The representative of the United States remarked that it was evident that the Secretariat was not a development agency. One of the challenges Members faced in that area was how to bring greater focus in the area of technical assistance. While there was a wide array of ongoing work with many potential resource providers, it was necessary for Members to consider how to increase coordination within the specific context of the negotiations and the particular results that might emerge. It could be useful to have in writing some of the descriptions the Secretariat had given under the heading of cooperation and coordination. Members would have to consider how the necessary technical assistance could work in a way that was complementary to existing coordination structures.

28. The representative of India noted that Article X required the publication not only of laws and regulations, but also of administrative decisions of general application and of judicial decisions. Although the Secretariat had listed the panel cases involving that Article, she wondered whether the Secretariat had done a study on whether such administrative and judicial decisions were actually

being published by WTO Members in the light of those panel cases and on the problems that had emerged in that context. She did not recall having seen such information in the background paper prepared by the Secretariat on Article X.

29. With respect to the technical assistance work carried out by the Secretariat, she agreed that it should be limited to the theoretical aspects of Articles V, VIII and X and related jurisprudence. Considering the fact that the modalities for negotiations on Trade Facilitation placed emphasis on the identification of needs and priorities of Members, she wondered whether it would be useful to gather information on those aspects with regard to the three Articles in the context of the technical assistance activities carried out by the Secretariat. That could help Members in their efforts to identify those provisions of Articles V, VIII and X that required further clarification and improvement.

30. The representative of the Secretariat replied that the Secretariat did not have that kind of information. While a proposal had been made in the Council for Trade in Goods to amend Article X by introducing a requirement for Members to notify data to the Secretariat, no modifications to the provision had been made. Under the Article's current form, there was no such notification requirement.

31. With respect to the possibility of gaining information on Trade Facilitation needs and priorities in the context of the Secretariat's technical assistance activities, she noted that the Secretariat had tried to gather input on that matter to the extent that that was possible in the course of a three-day seminar. There had been some results, although they were quite different from what one would get from government representatives. In those seminars and workshops, the input had mostly come from customs officers, reflecting their personal sense of the problems arising from their day-to-day operations (which might differ from their government's position). That was the reason why some participants had wished to see their input regarded as personal views rather than official positions of their capital, and why many had felt more comfortable expressing themselves orally than in written form. The Secretariat had tried to raise awareness of the importance of that process. It also encouraged participants to communicate their experience to their capitals so that they could feed into their governments' preparations for the Geneva process, in line with the objective to facilitate their work in that area.

32. The representative of India asked whether there was some kind of database available on the practical problems encountered by customs officials in their daily operations. While it might not necessarily be a government's position, it could nevertheless assist in gathering information and in raising awareness of problems existing at the ground level that required attention. The originating source might not have to be named. That could prove to be very important for the negotiating process, especially since delegates in Geneva were far removed from field level experience. Some information might reach them through feedback from their governments, but other things might simply be missed. A database on that information by the Secretariat, the WCO or UNCTAD might therefore prove to be useful.

33. The representative of the Secretariat informed that there was no such database available.

34. The representative of China noted that Annex D contained several other negotiating elements. Priority should be placed on balancing all those elements to advance the whole negotiations on an equitable basis. Due consideration should be given to point five of the Negotiating Group's agenda - technical assistance and support for capacity building. Members' needs and priorities should be identified rapidly. And it would be useful if the Secretariat provided a compilation of the existing differences in the negotiations and the way Members proposed to deal with them.

35. The representative of Costa Rica commented on the points made by India and the Philippines regarding the identification of needs and priorities in the context of the Secretariat's technical

assistance programmes, noting that he would like to share his delegation's experience in that context. Costa Rica had hosted a regional seminar for Latin American and Caribbean countries in August 2003, where a report had been prepared on its situation in that area. In Costa Rica's view, what was important initially was to have internal coordination amongst all institutions involved, where the problems would identify themselves and where positive steps and measures could be taken for the facilitation of trade. What Costa Rica had done was to take a snapshot of its situation, which had helped it to prepare for the negotiations. The seminar had also served as an example to other countries of the region in terms of what could be done in that area. As others had mentioned, it would be important to invite participating countries to do that exercise objectively to see where each one stood with respect to measures to facilitate trade in order to serve as a basis for the future negotiations.

36. The representative of the European Communities noted that it would be useful if the results of the various WTO seminars and workshops could be provided to Members, as far as possible, as experience had shown that they offered concrete and specific information about the kind of problems faced by customs administrations and the trading community on a day-to-day basis. The EC therefore supported delegations asking for information on those activities to be disseminated widely. He also agreed with India that these workshops and seminars could be a good way to help identify Members' specific needs and priorities. Generally, when carrying out development aid programmes in the area of Trade Facilitation, a comprehensive assessment of needs was done. That was a fairly thorough way of assessing a country's particular development needs in that area. Even the more short and sporadic workshops of the kind organized by the WTO Secretariat could be useful in identifying countries' specific needs and priorities.

37. With respect to the issue of coordination and cooperation between various organizations, he wondered whether the Secretariat or the World Bank could provide more specific information on the Global Facilitation Partnership, and more particularly on the experience of having the private sector involved. That was of particular interest, as the private sector was directly interested in Trade Facilitation and had an important role to play.

38. The representative of the World Customs Organization recalled that the WCO was an independent intergovernmental body with responsibility for customs issues. Initially established in 1952 as the Customs Co-operation Council, the current working name had been assumed in 1994 to reflect the organization's global presence. The WCO was located in Brussels, Belgium and had two official languages: English and French. Its mission was to enhance the effectiveness and efficiency of customs administrations and assist them to contribute to national development goals, particularly in the areas of Trade Facilitation, revenue collection, community protection and supply chain security, thereby contributing to the development of international trade and to economic and social well-being.

39. In order to fulfil that mission, the WCO pursued three main strategies: (1) Through its conventions, other instruments and best practice approaches the WCO provided an internationally-agreed series of models for effective customs administration; (2) The WCO also provided a forum for international cooperation and exchange of information and experience between Member administrations, other international organizations and the private sector, which was represented at the WCO's meetings; (3) Through its training and technical assistance programmes it provided a range of high quality capacity building opportunities in areas of relevance to Member administrations. The WCO worked closely with other stakeholders, in particular the business community and other international organizations. The WCO's 164 Member customs administrations were collectively responsible for the processing of 98 - 99% of all world trade.

40. The functions of customs were multi-faceted and had become increasingly more complex. Customs not only had a fiscal function, but also one encompassing the economy, the protection of society, and public security. Revenue collection was still very important in many countries, even in countries where import duties were low. And even when customs duties were reduced, as it often

happened when national infrastructure developed and companies developed better book-keeping systems allowing for the introduction of various sales taxes which diminished the reliance on customs duties, additional roles were often given to customs, such as the protection of economic interests and various security roles to protect society from threats such as drug trafficking and weapons trade, and to support the protection of the environment, of cultural goods, intellectual property rights etc. Furthermore, they also got involved in economic development. If customs procedures were not efficient, a country would have difficulty in attracting foreign direct investment, and in the present highly competitive environment of just-in-time-delivery of businesses, customs could not afford to delay commodities as they crossed borders. These were the core functions of customs and all were inter-linked and mutually supportive. While the focus placed on one function might differ from time to time and from country to country, depending on national priorities, it was necessary and desirable for each customs administration in order to preserve all those core functions to properly discharge its responsibilities and to remain well-prepared for the coming challenges in the new century.

41. Customs administrations around the world faced a number of important challenges. The environment in which they operated would continue to be characterized by globalization, continued growth and development of international trade, by growing international awareness of the costs associated with complying with inefficient and outdated border formalities, by increased use of new information and communication technologies and by heightened awareness of the need for customs administrations to strengthen border controls to protect society from a range of social and national security concerns including international terrorism, transnational organized crime and revenue fraud. Strengthened border controls had to be implemented while at the same time continued improvements in Trade Facilitation had to be ensured, often with no additional resources. Those challenges drove customs to become more efficient and effective. Trade Facilitation in the context of customs meant avoiding unnecessary trade restrictiveness while improving the qualities of controls in an internationally harmonized manner. That was the basic principle of the WCO's work on Trade Facilitation.

42. The WCO had already been actively contributing to WTO work on Trade Facilitation by submitting several papers on the subject to the Council for Trade in Goods in 2002 and 2003. (G/C/W/392, 407, 426, 445 and 467). Those papers were available on both the WTO and the WCO Website. The WCO had also actively contributed to the WTO agenda by taking part in regional Trade Facilitation seminars such as those in Costa Rica, Sri Lanka, Croatia and Lebanon, and was pleased to continue that collaboration in the future. The reason for the WCO's interest in WTO Trade Facilitation work was that it had a very positive view on the WTO process, as had already been pointed out in the message issued prior to the Cancun Ministerial Conference last year. The WCO saw several potential benefits for the customs community. The work could produce sustained and high-level political will and commitment for customs reform, provide a framework for more support and cooperation with the trading community, enhance awareness of customs requirements leading to better customs compliance of businesses and improve cooperation with other border agencies, leading to integrated border management and a Single Window approach. It could also give impetus for customs capacity building, and it could provide a framework for better coherence in capacity building activities.

43. Bearing such potential benefits in mind, the international customs community had set out those thoughts in the before-mentioned message to the WTO Cancun Ministerial Conference in 2003. In order to realize and maximize the potential benefits, the message advocated the following points: participation of customs administrations in the WTO process either in capitals or in Geneva, or both; enhanced cooperation in the work of the WCO and the WTO; the involvement of other border agencies; and search for the full support for customs capacity building.

44. The WCO conducted approximately 100 national level activities and 20 regional level activities every year. Technical assistance was carried out across a broad spectrum, going beyond the

three GATT Articles V, VIII and X, usually through, and with, donor assistance. It covered issues such as customs procedures, enforcement tools, the Harmonized System (HS), Customs Valuation, Rules of Origin and institution/management (including the issue of integrity). Those activities were closely linked and there was some overlap. For example, Customs Valuation training often covered post-clearance audit, which was one of the customs procedures. And enforcement training often covered risk management, which was a customs procedure as well.

45. The WCO had conducted a review of previous capacity building activities and learned some valuable lessons, which would contribute to successful capacity building in the future. The findings could be summarized as follows: capacity building would not succeed without sustained and high political will and commitment; there was a need for greater ownership and participation of senior customs personnel, including a change in the management outlook; there was also a need for an accurate diagnosis of capacity building needs and for country-specific responses, as well as a need for realistic government and donor expectations; expectations had to be challenging, but realistic. Furthermore, there was a need for adequate human and financial resources, and for enhanced cooperation and coherence between assistance providers.

46. Taking account of the lessons learned, the WCO had developed a new strategy for customs capacity building. The strategy was also a response to the Doha Development Agenda that had determined technical cooperation and capacity building as core elements of the development dimension of the multilateral trading system. The new strategy advocated the case for a more focused, coordinated and well-resourced approach. Because of the finding that an accurate diagnosis was needed for better capacity building, it proposed to develop and use the diagnostic tool, the so-called Customs Diagnostic Framework. It also proposed key delivery processes of capacity building activities.

47. One of the lessons learned from past capacity building activities was that the one-size-fits-all approach did not work. Taking into account that needs and priorities must be diversified across countries, the WCO had produced a Customs Capacity Building Diagnostic Framework. It was a comprehensive and standardized diagnostic tool and project design/implementation guide for both self-assessment and use by practitioners to diagnose capacity building needs and priorities. The tool was a substantial matrix containing common questions, commonly observed weaknesses, possible solutions and improvement options and related reference materials with respect to a wide range of customs issues. Essentially, it was seeking to identify gaps in an administration's capacity to develop.

48. An extract pertinent to the three GATT Articles was being developed for the Geneva negotiations. By using this, customs administrations could identify any difficulties, bottlenecks and gaps between their legislation and practices and the WCO instruments pertinent to the three GATT Articles. The findings might be a basis for a country to identify its Trade Facilitation needs and priorities. What had to be kept in mind, however, was that the tool was designed for customs procedures only, so it did not cover all formalities and procedures related to importation, exportation and transit as described in the GATT Articles. Also, the tool was a living document. It would be constantly modified and updated to take account of the developments in the WTO negotiations. A first version of the tool was expected to be available by February.

49. The Time Release Study (TRS) was one of the WCO instruments referred to in the Customs Diagnostic Framework. As one of the negotiating objectives was to expedite the cross-border movement of goods, it might be of particular interest to WTO Members. The TRS was used to assist the government in measuring the average time taken between the arrival of the goods (on the means of transport) and their release, and at each step. By using the TRS, countries might identify problems and bottlenecks in the cross-border movement of goods, and develop possible remedies. The findings could be another basis for a country to identify its Trade Facilitation needs and priorities. The WCO had learned that several WTO Members (such as the United States, Japan, Philippines and Kenya) had

conducted the TRS and obtained vital information. The TRS was also used to stimulate efforts to improve the efficiency and effectiveness of customs clearance procedures. It should be recalled that with respect to individual transactions, the variation from the aggregate average could be quite large. The time required for the release of goods varied considerably depending on the mode of transport (trucks, ships, aircraft), character of goods (e.g., cereals, cut flowers, cars, crude oil, electronics, etc.), and the compliance records of the traders. The WCO advocated the use of the authorized traders approach, where traders with a good compliance record would benefit from simplified procedures and accelerated clearance. The TRS was a snapshot in time, and therefore only comparable with a later or earlier similar snapshot. The WCO was currently working closely with the World Bank on the development of a software programme, which would be made available to all Members. The programme was in its final stages and should be available before Christmas. It would standardize the approach used.

50. Another WCO Trade Facilitation instrument was the International Convention on the Simplification and Harmonization of Customs Procedures (as amended). The revised Kyoto Convention was the blueprint for modern customs administration in the 21st century. It reflected best practices and ideas of member customs administrations and views of business, such as, transparency and predictability, standardized and simplified documents, minimum requests and intervention, the divorce release from clearance, use of risk assessment, specially simplified procedures for authorized traders, maximum use of information technology, cooperation with other agencies and foreign counterparts, and partnership with the trade. It would enter into force when 40 of the 63 contracting parties to the current convention had signed the protocol of amendment. So far, 37 of them had done so.

51. Turning to the issue of capacity building, he stressed the importance of talking about the delivery process. One of the problems arising in that context was the lack of suitably qualified people to do the work. The WCO was therefore working on developing a pool of experts who could carry out the WCO's Diagnostic Framework and use it to its maximum benefit. There were of course people available in the Secretariat who could do that, and they were currently identifying people within national administrations who could do that as well. A seminar had recently been held in Bangkok to identify suitable personnel to that end. An investment was further being made in training resources to have the necessary personnel available. Training resources were arranged by the WCO Secretariat, national customs administrations and other stakeholders, in particular international organizations. A regional approach had been adopted as one answer to better communication and cooperation amongst the regional members. It would also give more accurate diagnosis, better liaison with local donors and other stakeholders. The WCO had set up several Regional Training Centers in close cooperation with its members. In addition, it had set up the Regional Office of Capacity Building for the coordination of activities within the region in Bangkok, which had been open for some months now. E-learning was a response to the ever-increasing need for training with limited resources by the active use of information and communication technology (ICT). Currently, a Customs Control Module and Valuation and Audits Module were available, and approximately 1,700 customs officers from 87 countries were registered in the system. More modules, such as on HS, customs procedures and IPR would follow.

52. As advocated in the modalities of Trade Facilitation negotiations, collaborative efforts amongst international organizations were important for delivering more efficient and effective technical assistance and support for capacity building. The WCO was increasingly cooperating with other international organizations to that end, expecting better synergies in capacity building. One of the ways of doing that was through the Global Facilitation Partnership for Transportation and Trade (GFP), which provided a cooperative framework of intergovernmental organizations, private sector, and any individuals interested in transport and Trade Facilitation. The WCO was one of its core members managing the GFP. The GFP meetings were attended by approximately 100 participants from both the public and private sector. The WCO would host the next GFP meeting in Brussels in

January 2005. The WCO contributed to the recently published World Bank's Customs Modernization Handbook which described the WCO instruments as a global capacity building tool and which was consistent with and complementary to the WCO Diagnostic Framework. The WCO had also contributed to the OECD research on costs of Trade Facilitation by providing the necessary contacts and assisting with the data collection. The WCO had further participated in several joint technical assistance activities with other international organizations and the donor community. For example, it had provided its expertise to the WTO seminars on Trade Facilitation and on Customs Valuation, and to diagnostic missions within the Integrated Framework for Trade-Related Assistance to LDCs. It had also contributed to the Trade Facilitation capacity building activities in cooperation with the World Economic Forum, USAID, APEC and other organizations and donors. The WCO would like to continue enhancing its collaborative efforts to provide more effective and efficient support for capacity building and coherence.

53. The international customs community, as the expert on border procedures and as the implementing agency of the outcome of the negotiations, was ready to engage in the WTO negotiations. The WCO was unsure about the scope of the WTO negotiations at that stage, but what was certain was that the WTO focussed mainly - if not exclusively - on customs. He assured the Group of his organization's continued support and cooperation.

54. The representative of Malaysia said that, being new to the process and not too familiar with the work of customs, he had been interested by the authorized traders approach which seemed as if it could be very useful for the facilitation of trade. He wondered whether there were some kind of common international standards with respect to that concept. He had also been intrigued by the fact that the Revised Kyoto Convention had not yet entered into force and wondered whether it was possible to share information on what the particular concerns and reservations were that kept countries from signing the Convention.

55. The representative of India was interested in the diagnostic tool which was currently being developed in the WCO for the assessment of needs and priorities. She wondered whether it would lend itself to self-administration and whether it would be country specific or rather a general diagnostic tool applicable to all Members, noting that a one-size-fits-all approach had been found to be inadequate. She had taken note of the tool relating to GATT Articles V, VIII and X. As regards the Kyoto Convention, India wondered when the Convention was actually finalized. Only 37 Members had ratified up to now, whereas 40 ratifications were required. Her delegation would like to know the relationship of those 40 ratifications with the fact that there were 164 Members of the WCO. India would like to know what that ratio was, how it was arrived at and what had been the reason for setting the threshold at 40. Furthermore, the Indian delegation would like to hear why it had taken WCO Members that long to ratify the Convention and what were the problems associated with that process.

56. The representative of Kenya remarked that the presentation by the WCO clearly underscored the importance of infrastructure - in human, financial and institutional terms - for the implementation of Trade Facilitation measures. The presentation had also highlighted the need for well-resourced capacity building if Members were to implement Trade Facilitation measures. He recalled that, in the discussions leading to the adoption of the negotiating modalities there had been a strong commitment by the proponents to provide enhanced technical assistance in the area. It was important, therefore, that the approach to technical assistance went beyond the traditional support provided. It might be necessary to consider having a Trade Facilitation Fund, on which Members could draw in order to implement their Trade Facilitation needs. There was also a need to maintain a balance between Trade Facilitation measures and customs control for the purposes of addressing some of the countries' development needs, especially for those countries relying on customs revenue for their national budget.

57. The WCO's Customs Trade Facilitation self-assessment tool was extremely important. For Kenya, the identification of its needs was a priority, and a starting point. His delegation was looking forward to that tool, hoping that it did not apply a one-size-fits-all approach.

58. The representative of the WCO clarified that the comprehensive Diagnostic Framework had already been developed, covering all customs procedures. That tool was currently available and had been used by the WCO in some diagnostic studies. What the WCO was still in the process of finalizing was an outtake from that which would concentrate on Trade Facilitation within the meaning of GATT Articles V, VIII and X, which was expected to be ready by February. It would be a self-assessment tool, either for use by the country itself, or by a consultant. The purpose of the development of both the Diagnostic Framework and the outtake was to help identify the particular requirements of each country. It therefore was the very opposite of a one-size-fits-all approach.

59. With respect to Kenya's intervention, he noted that he was conscious of the need to balance facilitation and control. In doing so, one had to consider two meanings of control: control in the sense of security, due to the ongoing debate in other fora on the security of the supply chain, and in the sense of economic security, which was very important to most Members of the WCO. As regards the authorized traders approach, that was something provided for in the Revised Kyoto Convention. The Guidelines to the Convention gave examples of how that was handled in some countries. Basically, the idea was for a trader meeting certain criteria to achieve certain benefits. So far, there was no international standardized set of criteria. That could be, if it was so decided, the work of the Management Committee to the Revised Kyoto Convention once that body started its meetings (which would only be the case once 40 countries had ratified the Convention).

60. As regards the questions raised with respect to the Convention, he noted that the number of 40 as the necessary amount of ratifications had been determined in the course of the negotiations on Kyoto's revision. There had been much debate on what would represent a correct ratio of ratifications in that context. The final decision had been to set the threshold at 40, reflecting the fact that the current (original) Convention had been signed by 63 Parties, and the feeling that it should only be changed if a significant number of them could agree to it. Forty had been a negotiated number.

61. As to the reasons for it having taken several years to reach the current 37 ratifications, he noted that there were no inherent difficulties with any of the contents of the Convention. It was merely a matter of countries amending their national legislation to fulfil the requirements to sign the Revised Kyoto Convention. A number of countries had said that they would sign when the two main trading blocks – the EU and the United States - had signed. Almost all Members of the European Union had signed, with the exception of some who had not been members to the original Convention and therefore could not become parties to its revision, plus two of the earlier 15 EC Member countries which had also not signed. At a recent meeting in Brussels, the US delegation had said that the internal work was now complete so that it was only a matter of procedure for the United States to ratify the Convention. It could take a couple of weeks to a couple of months, although he was not aware of any particular difficulties. One had to bear in mind that, when comparing the old Convention with its revision, there were significant differences, the main one being that the element of optionality was somewhat restricted in the new Convention. The original Convention was an "à la carte" menu. One could decide to accept various annexes or not. With the revised Convention, it was mandatory to take the central body of the treaty, which applied across a broad spectrum of activities. Therefore, some signatories to the original Convention had to carry out significant national legislative amendments before they could sign the revised version. And that was what had taken the time rather than any principle objections to accepting the Convention as such.

62. The representative of Switzerland referred to an audit tool for transport and Trade Facilitation developed by the World Bank. She wondered about the relationship between that tool and the WCO's Diagnostic Framework in terms of coverage.

63. The representative of Egypt commented on the relationship between WTO and WCO work on Trade Facilitation. He had expected the WCO representative to give his views on the proposals made by WTO Members over the course of the past three years on measures to be adopted. He was seeking the WCO's views on whether there would be some duplication of work between the two organizations, given the fact that the Revised Kyoto Convention contained many of those suggestions. What could be the additional value of WTO work and how could the WTO differentiate its work from that of the WCO and its Management Committee?

64. The representative of the European Communities noted that his delegation was pleased to see that the WCO, like other international organizations, was now putting a lot of emphasis, resources and focus on the technical assistance dimension of its work. That was, in some ways, directly related to the fact that, over the last three to four years, Trade Facilitation had become an important topic on the international trade agenda. The WCO and many other international organizations were responding very well to that. The EC shared the conclusions drawn by the WCO as to lessons learned and important elements to be taken into account when providing assistance.

65. As regards the relationship between the WCO's activities and the WTO's work, it had always been the view of the European Communities that the WCO was first and foremost an organization that could develop international standards and instruments that could then be drawn upon in the WTO context if WTO Members considered it useful to do so. That was an approach the EC also found useful in many other areas, such as in the field of Customs Valuation, where the WTO set the broad framework, relying upon the WCO for the important area of implementation and the development of the standards that underpinned the WTO provisions. Likewise, in the areas covered by the SPS and TBT Agreements, the WTO deferred to the expertise of international standards bodies to fill out the broader WTO disciplines. Certainly, when it came to Trade Facilitation, the WCO's role would be a comparable one. The WCO was developing some important international standards which, if Members regarded them useful, could be drawn upon in whatever they developed in the WTO process.

66. With respect to the Single Window concept, that was something already in existence in the area of import licensing. It was embodied in the WTO Import Licensing Agreement, but did not exist more widely. He wondered to what extent that work already resulted in an international standard that could be fairly readily applied by WTO Members in a Trade Facilitation context.

67. On Kenya's comments about the importance of striking a balance between facilitation and control, he wanted to ask the WCO representative to what extent Trade Facilitation measures, when being introduced by customs, actually impeded the ability of customs to carry out other legitimate controls, or whether simplified procedures, authorized traders systems and more modern procedures actually improved the ability of customs to collect revenue and to protect the public against dangerous goods or fraud. He wondered whether Trade Facilitation assisted better controls or whether it got in their way.

68. The representative of the WCO said that he was unable to answer to the question raised by Switzerland but that he might be able to do so after having spoken to the World Bank. As regards the interventions by Egypt and the EC on the benefits the WCO saw in the Trade Facilitation work undertaken by the WTO, he recalled that reference to them had already been made in his presentation, when he listed aspects like it producing a sustained high-level political commitment and will to customs reform. It would move customs towards the center of the stage in some countries and would give an additional impetus to the reform and modernization of customs administrations throughout the world, which was something the WCO welcomed. It would also enhance awareness of customs requirements leading to better customs compliance of business and it would improve cooperation with other border agencies. It was in that context that he had mentioned the integrated border management

and the Single Window. Work on the Single Window had taken place with the WCO having contributed to it. A draft recommendation was readily available.

69. On the relationship between the WCO and the WTO, he too saw the WCO's work to be totally compatible with that of the WTO. The WTO was setting the high principles, while the WCO had the implementation tools available. As regards the question of Trade Facilitation enhancing or impeding controls, he had no evidence of the introduction of Trade Facilitation measures ever having impeded controls. But there was certainly evidence that Trade Facilitation improved the control mechanisms, as it allowed a customs administration to focus on where the controls should be carried out.

70. The representative of Senegal welcomed the initiative to develop a diagnostic tool. That constituted a positive contribution towards the identification of needs and priorities in the area of Trade Facilitation as provided for in the negotiating mandate. He had understood the WCO to say that the WCO's activities on Trade Facilitation were broader, and that the scope of work done on Trade Facilitation in the WTO was far more limited. He would like to know the WCO's assessment of the results Members hoped to achieve. If the WTO limited its activities to the three GATT Articles, would Members really be able to speed up operations and would that have a really positive impact on Trade Facilitation? Furthermore, he would be interested in the conclusions of the study the WCO had been carrying out with the OECD on the costs of Trade Facilitation measures. He wondered whether that study had been limited to the WTO approach to Trade Facilitation or based on the WCO scope of work in that area. As regards the point made by the EC on facilitation and control, he noted that, in developing countries, there was an interest to speed up processes, but there was also an interest to ensure revenue. That was different for developed economies, but for administrations in developing countries, customs revenue was essential. Also, they had to deal with other constraints as well, which was why they wanted to have a tighter control on goods. He wondered whether, in the WCO's experience, the outcome of reforms towards Trade Facilitation had been such that there had been a positive impact on customs revenue through a decrease in controls. If that was the case, that could encourage other customs administrations to better integrate Trade Facilitation measures into their activities.

71. The representative of Colombia stressed the importance of first hand knowledge on the activities and strategies of other international organizations in the negotiations. Unfortunately, there was no expeditious linkage to customs to obtain the information referred to by the WCO. The WCO had shed light on certain points relating to the Diagnostic Framework. Colombia would like to know the percentage of use of that tool and the procedure for accessing it once the WTO-related update had been completed. In particular, Colombia would like to know who should make that request, and how interaction could be improved so that her country could benefit from the results of the Diagnostic Framework in identifying Colombia's needs and priorities for technical assistance.

72. The representative of China agreed with the WCO that customs compliance and Trade Facilitation were two sides of the same coin. One could not emphasise just one side of it. If the focus was only on customs compliance, trade might be impeded. And if emphasis was placed merely on Trade Facilitation, it might harm national interests and cause problems in terms of security. The aim of customs should therefore be on strict control and fast clearance.

73. The representative of Jamaica said that things were still not clear to him about the relationship between the WTO and the WCO. His impression was that the Revised Kyoto Convention set uniform principles for the harmonization and modernization of customs procedures, and that it addressed issues relating to the clearance of goods, payments of duties and taxes, customs trade cooperation, information supply by customs administrations or appeals in customs matters, and that it also covered risk management, audit-based verification and mutual administrative assistance between customs administrations and other organizations. That seemed to be a duplication of what Members were

about to embark on in the WTO. Jamaica was not sure how the Revised Kyoto Convention, which seemed to deal with many of the principles addressed in the Negotiating Group, related to Members' work in Geneva, and whether that work was actually necessary, given the existence of the Convention.

74. He might not have fully understood the point made by the European Communities on the relationship between the two organizations by reference to the TBT and SPS Agreements in the sense of the WTO setting the principles and the relevant standard setting bodies then developing the standards in those areas. Those agreements had a specific objective in aiming at protecting animal, human and plant life and health, with standards being developed to meet those objectives. He wondered what the objective might be in terms of customs modernization and harmonization that Members would be seeking, and what kind of standards could be derived from that. Would it be a principle that goods should be removed from the border without undue delay? Would the WCO then have the responsibility to develop standards to achieve that across the range of developing countries and across the variety of different situations that might apply? He did not see the analogy with the SPS and TBT Agreements to be a perfect one. The SPS Agreement dealt with certain absolute elements such as the protection of life and health, which were of fundamental importance and, in a sense, uniform, where standards could be developed to achieve those objectives. The development of standards in terms of customs modernization and harmonization was somewhat different. He recognized that taking those issues up in the WTO would raise the profile of customs. But that was not the role of the WTO. For that, one might need a public relations programme by the WCO.

75. The representative of the WCO noted that the scope of the negotiations had to be determined by the WTO. He personally thought that the GATT Articles Members were looking at in the negotiations had an audience wider than customs. But that was not for him to decide. The work of the WCO had been complementary to that of the WTO. The WTO would set the high principles with the WCO providing instruments for the implementation of those principles. That was the way things had happened in the past. Regarding Colombia's question, he noted that the general broad Diagnostic Framework was already available and could be given to Colombian customs. Normally, those tools would be free for WCO Members. If there was particular interest in the outcome, he could come back to that in due time. As regards the question by Senegal, he noted that, according to his recollection, it was found that Trade Facilitation was often the by-product of a reform of IT procedures, rather than a concentrated effort on Trade Facilitation *per se*. But where it was indeed a by-product of a greater restructuring, the cost attributed to Trade Facilitation, if any, was usually recuperated within a short period of time. Costs, where they occurred, were generally attributable to restructuring and training. But they were quickly offset by the increase in revenue, efficiency and productivity.

76. The representative of Rwanda expressed her delegation's interest in initiating a self-assessment of its Trade Facilitation needs and priorities, and in using the WCO tool to that end. For Rwanda, one of the most important sources of information on its needs and priorities would be the experience gained by its exporters and importers in transit countries both during importation and exportation. That would help with assessing related costs and the impact of the current situation on their businesses. She wondered whether the WCO tool covered such information and whether, if that was not the case, the WCO or the Secretariat could provide some guidelines on how to extract such information.

77. The representative of Indonesia inquired about the scope of cooperation between the WTO and the WCO. The WCO representative had outlined his organization's engagement in the area of technical assistance and capacity building and informed about their work on a customs capacity building strategy, by which the WCO had responded to the Doha Development Agenda. He wondered whether and how the WCO enhanced cooperation and coherence with the WTO in that area, especially on the issue of problems encountered by developing countries. Reference had already been made by previous speakers to cooperation and coherence, but he was particularly interested in

cooperation in the more substantive sense. Indonesia believed that the WCO had done excellent work in compiling problems faced by developing countries in the Trade Facilitation area, especially at the border. Indonesia itself had a very big problem with capacity building in that field, due to its geographic situation as an archipelagic country with numerous entry points.

78. He shared the views and concerns expressed by the Philippines that, in order to commence the process, it might be necessary to identify some basic elements of technical assistance for Members' future work. He was not sure what the WCO had done on the tool they had developed on specific problems encountered by developing countries and whether it could also be used in the WTO context to start work on those issues there, especially in the area of technical assistance.

79. The representative of the WCO suggested that it might be useful to meet with the delegation of Indonesia bilaterally to brief them on the WCO's specific capacity building activities rather than going into detail on that matter in the plenary session, in order not to delay the process. Regarding the WCO's work with the WTO, the WCO had been invited by the WTO to participate in their seminars in various regions and had discussed customs issues. With respect to the question raised by Rwanda, he offered to provide the Rwandan delegation with a recently produced compendium on transit and customs-related aspects of transit. The document went into some detail about the problems associated with transit and how they might be solved from a customs perspective. Based on that document, Rwanda could then enter into further negotiations with the WCO Secretariat.

80. The representative of UNCTAD noted that UNCTAD had a fairly long history of work on Trade Facilitation, going back to the beginning of the organization itself. The nature of work had changed over time. Today, it was not limited to the issues related to GATT Articles V, VIII and X but went far beyond that. UNCTAD's current presentation would nevertheless relate directly or indirectly to those three provisions of the GATT. When starting Trade Facilitation in UNCTAD, there used to be a programme called FALPRO which dealt with the development of standards at their origins. But work had evolved, and UNCTAD was no longer active in the development of standards. Rather, UNCTAD functioned as a capacity building organization, covering both human and institutional capacity building. UNCTAD believed that capacity building was an important element towards the creation of a domestic Trade Facilitation culture. It was a basic prerequisite for economic governance.

81. Trade facilitation, as UNCTAD saw it, was a wide embracing activity which lent itself to cooperation approaches. That cooperation extended to vertical and horizontal cooperation. Vertical cooperation basically implied a division of labour between the different types of organizations dealing with Trade Facilitation. That vertical form of cooperation had the rule-making organizations at the top, the WTO being the leader in that area. Secondly, there were standard setting organizations, and then implementing organizations which tended to be regional or sub-regional organizations. Then, there were capacity building organizations, such as UNCTAD, to support implementation. In terms of horizontal cooperation, there were two basic types of cooperation. First, there was cooperation between the UN and related agencies, including the WTO, in the framework of the so-called Inter-Agency Cooperation on Trade Facilitation. That cooperation was based on a decision of the High-Level Committee on Programmes (HLCP), which governed the work programme of the United Nations and related agencies. The HLCP created that mechanism to coordinate activities in the area of Trade Facilitation. Regular meetings were held in Geneva. On a wider level, there was the Global Facilitation Partnership on Transportation and Trade, involving all stakeholders, including the private sector, other international organizations and governments. It acted as a private-public sector partnership that opened the Trade Facilitation agenda to all interested parties. That was important as it was an area where the relationship between the public and private sector was particularly important.

82. Trade Facilitation was a process towards the better management of trade. UNCTAD believed that it could provide an enabling environment for trade and transport by reducing the overall costs of

international trade transactions through the alignment on internationally agreed trade and transport instruments and commercial best practices. There was a development issue attached to Trade Facilitation. Trade Facilitation was a development factor as opposed to a mere administrative tool with an impact on border crossing operations only. It aimed at creating commonalities in standards and practices, not only between the trading partners' respective environments, but also between the different actors within the same country. That domestic dimension of Trade Facilitation issues was quite relevant. When looking at the main components of Trade Facilitation, one could see that it was not only customs, but also involved trade and transport. Those were the key elements in Trade Facilitation; one could hardly have one without the other.

83. UNCTAD believed that Trade Facilitation was pervasive. It covered institutional, regulatory and operational issues, requiring private and public involvement. It improved the efficiency of a government's control, secured sustainable Trade Facilitation capacity, Information and Communications Technologies (ICTs) and linkages between national administrations (mainly customs and commerce). Regional trade routes/transport corridors and global transport were needed. UNCTAD's work on Trade Facilitation covered five main areas: (i) research and analysis, (ii) exchange of experiences and consensus building, (iii) information systems development, (iv) technical assistance and training and (v) knowledge dissemination.

84. In the area of research and analysis, UNCTAD carried out work on the improvement of the legal framework for transport and Trade Facilitation. UNCTAD also developed tools for assessing needs and priorities in Trade Facilitation, particularly for developing countries. It further developed support material for transport and Trade Facilitation platforms. The earlier mentioned Single Window was one type of such a platform, as well as the so-called Trade Facilitation Bodies or National Trade and Transport Facilitation Committees which were instruments to facilitate trade in a country. Further work related to the development of trade and transport facilitation clusters. UNCTAD believed that the concept of clusters was important as it brought people working on trade and transport facilitation together. Finally, UNCTAD was also doing some work on the development impact of security measures on developing countries' trade.

85. As far as the exchange of experiences and consensus building was concerned, there were two types of meetings: (i) Expert Meetings, where experts shared their views on Trade Facilitation issues (examples being the meetings on Trade Facilitation in November 2002, on multimodal transport and logistics services in September in 2003 or the upcoming Expert Meeting on transit transport arrangements) and (ii) intergovernmental meetings. Last year, a special such event had been organized in parallel to the Almaty Conference.

86. Furthermore, UNCTAD was also doing a lot of work on the development of information systems. There were two basic products which were closely related to one another. The first was ASYCUDA, an automated system for customs data, which had been installed in 84 countries. More information on the system could be found on the web under the address: www.asycuda.org. The second one was called ACIS (Advanced Cargo Information System) a cargo tracking system helping the trade to keep track of their containers. The system had been installed in 18 countries. More information was available on the web under the address www.railtracker.org.

87. UNCTAD was also engaged in the area of technical assistance, where different types of projects were carried out: (i) inter-regional projects, such as the one related to the identification of needs and priorities in Trade Facilitation, on transport and Trade Facilitation platforms, on sustainable trade and transport capacity for Landlocked Developing countries, or IT-based management projects like ACIS and ASYCUDA, and (ii) integrated country projects. Under that category, UNCTAD was currently engaged in two major projects, one in Afghanistan, which had just started, and one in Pakistan, which had been going on for several years. Both of them were executed in cooperation with

the World Bank. Furthermore, there were also several smaller projects, such as the one in the ECO region for multimodal transport and Trade Facilitation.

88. Finally, there were activities related to training and knowledge dissemination, such as WTO-related workshops. UNCTAD participated in workshops organized by and with the WTO, UNIDO, the EU, Japan and others. UNCTAD also organized trade logistics events, such as the one on ICT and transport that had been held in Rio, November 2003. The organization was also involved in longer-term training based on the mandate given in paragraph 166 of UNCTAD X relating to the International Economic Agenda, which included a chapter on Trade Facilitation. Courses were being developed like the one on logistics or the ones developed with the World Maritime University dealing with legal issues of international trade and transport. Finally, UNCTAD produced recurrent publications, the most prominent example of them being the Review of Maritime Transport, as well as regular newsletters on Trade and Transport Facilitation.

89. ASYCUDA was a tool to complement customs reform and modernization programmes, leading to faster customs clearance procedures, better valuation of imports and exports and higher customs revenue collection and control. The implementation of ASYCUDA contributed to the formulation of modern customs policies, to the reform of customs procedures, the introduction of international EDI standards, to an increase of customs yield as well as to a timely production of trade statistics. The latter had been the first purpose of ASYCUDA. The main characteristics of ASYCUDA included traditional core features like the production of customs declarations, the assessment of customs duties or the production of trade statistics. ASYCUDA also introduced the Single Administrative Document, the basic document to insert information into the computerized system. Another feature of ASYCUDA was its Direct Trader Input, allowing traders to launch their customs declarations directly into the customs system. An additional feature of ASYCUDA was its Direct Shipping Line Input, enabling shipping lines to provide information contained on the manifest through EDI to the customs administration.

90. ASYCUDA also contained two specific modules: (i) the selectivity transit module, allowing customs to identify the shipments requiring inspection, based on certain selectivity criteria regarding the profile of the trader, the type of product etc, and (ii) the transit module, allowing customs to process information for cargo in transit. The transit module was particularly important for landlocked countries as a means to monitor transit agreements. It also protected customs revenues for transit countries and procured effective monitoring of the smooth transit of goods, which was especially helpful with the process of just-in-time delivery required by the industry. It further supported the European T1 and TIR procedures, and took advantage of ICT developments. ASYCUDA was a computer software developed and constantly upgraded by UNCTAD to take advantage of new developments, both in terms of technology and procedures. It was provided free to customs administrations and implemented under UNCTAD supervision, adapting it to the local conditions of a particular country. Usually, the programme was part of a government's commitment towards customs reform and modernization.

91. If a country wanted to implement ASYCUDA, a preparatory phase would be initiated, involving a diagnosis of the current customs procedures, of the documents currently in use, and of the legal environment. During that phase, UNCTAD experts would work together with customs officials to establish a Harmonized System-based tariff that met the needs of the country. UNCTAD would then start modifying the procedures, introduce the Single Administrative Document, and do other work required to run an automated customs system. Then, the system as such would be implemented. That also required the identification of where the system was supposed to be operating in what border posts. A pilot implementation was usually carried out at headquarters and at airports, as the simplest place to run ASYCUDA. Once it was operating at the pilot level, preparations began to roll out the system at a broader level. All of that was done in close cooperation with the local customs administration. A lot of training was involved to ensure that the officers fully understood the process

– covering both government officials and the trading community. All further stages were carried out by the customs administration itself. After phase one, it was up to the local customs administration to roll out the system to other places. They owned all the elements to implement the system.

92. As for the logic of Trade Facilitation, as UNCTAD saw it, there had been a coherent approach since the very beginning, involving the simplification of procedures, formalities and processes with the idea of eliminating all unnecessary elements and duplications. Another dimension of Trade Facilitation was harmonization, involving the alignment of national procedures, operations and documents with international conventions, standards and practices. A third element was standardization, which was the process of developing internationally agreed formats for practices and procedures, documents and information. Those three elements were the basics of Trade Facilitation. The use of international standards was basic and essential. All trade documents should ideally be standardized along the UN layout key.

93. What had to be kept in mind were the linkages between different types of Trade Facilitation measures. When talking about customs automation, one also had to look at the standardization of documents and the simplification of procedures. Also, a country's tariffs had to be adapted in line with the HS system. Only when customs automation was available, together with the required documentation, the appropriate tariffs etc., could it be expected to look into matters like customs time release, risk assessment, Single Window or post audit control. Time sequencing was another requirement. The implementation of a particular measure might require the implementation of another measure. Therefore, when designing special and differential (S&D) treatment, those linkages must be kept in mind. Computerization, for instance, could not be done until some other work had been done on the Single Administrative Document or on the standardization and simplification of documents. For pre-arrival processing or post clearance audit, an automated system had to be in place.

94. With respect to technical assistance and capacity building, it was clear that, while the scope of the WTO focused on the clarification and improvement of the three GATT Articles, it could also contribute to a wider scope of Trade Facilitation. As for the time frame, it would certainly cover the negotiating process while also supporting the implementation of Trade Facilitation rules in developing countries. One important element of that assistance related to the identification of Trade Facilitation needs and priorities, taking into account a country's development dimension. It included the establishment of the capacity to assess those needs and priorities, and to analyze the cost implications of the negotiated commitments. Finally, technical assistance should also cover training of negotiators and officials.

95. UNCTAD's contribution to the WTO negotiations included short-term/immediate technical assistance to enable negotiators (both in Geneva as well as in capitals) to better evaluate the implications of the negotiated Trade Facilitation rules on their development policies and objectives. There was also a longer-term technical assistance, which aimed at enhancing national capabilities to effectively implement the negotiated Trade Facilitation rules within the agreed modalities. That would contribute to supporting reforms in national policy-making, as well as to institutional and infrastructure development.

96. A life cycle of an UNCTAD Trade Facilitation project involved an awareness workshop as a first stage, leading to recommendations and an action plan. Based on that, a longer-term project was developed, in which diagnostic studies were carried out, looking into the institutional, legal, operational and human resources-related issues with seminars being carried out for government officials to better understand the issues at stake and come up with an action plan. Such plan of action was then further developed in phase two, involving the elaboration of concrete proposals through thematic workshops, looking into the country's laws and regulations in customs, its trade and transport sector as well as at its administrative and operational measures. Thought was given as to

how national associations could be strengthened with respect to the movement of goods, to freight forwarding, customs, customs brokers etc. Sometimes preparations were started for the implementation of ACIS and ASYCUDA. All of those activities were accompanied by a Training Programme and the development of an implementation plan. The third phase comprised an ad hoc implementation of the proposals identified in phase two. Usually, UNCTAD pushed for the establishment of so-called National Facilitation Bodies and National Trade and Transport Facilitation Committees, allowing both the public and the private sector to sit together, analyze the issues at stake and develop solutions of common interest.

97. The effective implementation of any Trade Facilitation agenda required integration and coordination of trade-related assistance among donors and implementing agencies. That was also the reason for the HLCP and the GFP. Furthermore, it was essential to have the broadest possible commitment from government institutions, as well as the collective and professional support from the business community, which was lacking in some projects, leading to lacking ownership of the programme and the loss of sustainability of the initiated reforms. Creating institutional changes took time. It did not happen over night. It did not follow that just because one bought a computer for an automated system change would actually occur. It took time for people to get used to the changes. When looking at the implementation of Trade Facilitation measures, one had to take into account the three main sectors of (i) ministry of trade, (ii) ministry of finance and (iii) ministry of transport. They had different roles, different agendas and different functions. And the private sector had to be involved as well. They had to work together.

98. UNCTAD's work was also part of broader cooperative efforts. UNCTAD was working with all UN Regional Commissions, intergovernmental organizations such as ITC, UNIDO, IMO, World Bank, IMF, WTO, WCO, OECD, and with business sector institutions such as ICC, FIATA and IAPH. Technical assistance and capacity building in the area of Trade Facilitation should not be reduced to the WTO negotiating process. Multilateral cooperative action at national and regional levels was required to assist developing countries in building the capacity to implement Trade Facilitation and, particularly, WTO-negotiated rules.

99. The representative of the Philippines noted that her country was a beneficiary of UNCTAD's ASYCUDA Programme which had helped their Bureau of Customs improve its systems and procedures. Now that the negotiations on Trade Facilitation had started, the Philippines would like to know whether UNCTAD had done some specific work related to the three Articles under consideration in that process. If that was the case, it would be interesting to learn about the outcome of that research or analysis.

100. The representative of New Zealand sought clarification with respect to a point mentioned on slide five of UNCTAD's presentation. It talked about the Trade Facilitation components, mentioning trade, transport and customs. He wondered whether those had been referred to as all the government agencies involved. He was always concerned when he saw customs being referenced as the only arm of Trade Facilitation, when there were actually many agencies involved at the border. Customs was perhaps the easiest to blame, but, usually, when one looked deeper, it could be seen that it was often quarantine agencies or health agencies instead, especially for an agriculture exporting country. He therefore wanted to check whether the reference was only to customs.

101. The representative of UNCTAD replied that UNCTAD had not worked on the three GATT Articles as such. UNCTAD had been part of the WTO process since Singapore and contributed to it with documents for the meetings. But UNCTAD had not looked into the issue of what kind of instrument could be implemented for the specific Articles as such. The current discussion addressed a number of issues UNCTAD was dealing with through its technical assistance programme. Members had put in a lot of work in identifying specific measures, which had then been compiled in a document by the WTO Secretariat. Therefore, most of the measures were already there. What UNCTAD had

been doing recently was to work on assisting countries in identifying their needs and priorities. Since Doha, UNCTAD had realized the difficulties countries had in identifying their needs and priorities and felt that they could add value to that discussion by developing some kind of guidelines for that work. UNCTAD was in the process of developing such a tool to help countries identify their needs and priorities, particularly developing countries. That tool should be available some time in January or February 2005, and would probably be the most valuable contribution UNCTAD could make to the Group at that stage.

102. With respect to the table with the three components of trade, transport and customs, it was true that, too often, Trade Facilitation was looked at as a customs issue, while it was not only customs, as even the WCO would agree on. Customs was essential and important, but Trade Facilitation did not stop there. Trade should be improved, too, as well as the way the trading community and the Ministry of Commerce were working. And transport had been emphasized as it was often not so much an issue of customs or trade, but of transport. Some countries had very efficient customs, and one could clear goods in half a day. But because of inefficient cargo handling, the cargo had to sit for a couple of days in the container area, since either the ports were interested in keeping the cargo for some days or there was no sufficient transport capacity to get the cargo out of the port to the final destination. UNCTAD had also looked at issues such as TBT, where they had worked with UNIDO in a workshop, and where UNCTAD had presented issues related to the conformity of goods and all other problems constituting a barrier to trade. The reason for only having referred to trade, transport and customs was that he had wanted to keep his presentation simple, but clearly, many other issues could have also been added to the table.

103. The representative of Egypt remarked that, when speaking about its possible contribution to the negotiating process, UNCTAD had only mentioned the area of technical assistance. Egypt believed that UNCTAD's role should go beyond that and that research and analysis on the different submissions and their impact on the development of developing countries should be an essential contribution of UNCTAD. He wanted to get a response from UNCTAD on that matter.

104. Furthermore, reference had been made to functional linkages, relating most of the Trade Facilitation measures like time release, risk assessment etc., to automation. During the last few months, some of the proponents had said that many of the measures, if not most of them, did not necessarily have any major cost implications. But when seeing that everything was linked to customs automation, it became clear that there were real costs involved.

105. The representative of Pakistan noted that, like the Philippines, Pakistan had been a beneficiary of UNCTAD's technical assistance, and of its ASYCUDA system. His administration had initially thought of switching all software to UNCTAD's system because it was being used by so many countries, but then it reported two serious problems. The first one was that, although UNCTAD claimed the system to be free, a deeper analysis of the overall costs revealed expenses of two million dollars which was far more expensive than any other customs software. Secondly, they reported that the system had originally been designed for administrations with small volumes of trade and was unable to cope with trade volumes beyond that. He sought comments from the UNCTAD representative on those two points.

106. The representative of China raised a question with respect to slides 25 and 26. In slide 26, the presenter had told the Group that the implementation of a particular measure might require the implementation of another measure. Furthermore, slide 25 had outlined the fundamental elements of customs clearance procedures. China could see clearly from that picture that some of those elements such as standardized documentation presented a foundation for a Single Window. She wondered whether there was a relationship between risk assessment and Single Window.

107. The representative of the European Communities fully subscribed to the point made by UNCTAD that technical assistance and capacity building must – and did in fact – go well beyond the narrow scope of Trade Facilitation work taking place in the WTO. In the WTO, Members were focusing on three particular GATT Articles as the substantive scope of the discussion. But obviously, when talking about technical assistance and the whole development dimension, that went well beyond the modest scope of the WTO into areas of transport infrastructure and other fields which were rightly high on the UNCTAD agenda. It had been a very useful reminder to the Group that the correspondence was not the same.

108. With respect to the issue of automation, the Communities did not completely agree with UNCTAD's suggestion that many facilitation measures depended upon automation to be successful. The presentation by UNCTAD had given the impression that ICT was the key to everything and that without it, not very much was possible. The EC's experience in that field would suggest otherwise. There were many very basic and straightforward simplification measures that could be done without any form of automation or ICT such as the use of the UN layout key and of UN standards for customs documentation, the review of one's formalities and procedures with a view to identifying unnecessary ones, or the switch from an *ad valorem* system of customs fees to a system of levying fees based on the specific service rendered to the importer or the exporter. He would even go as far as to say that audit controls and risk assessment procedures did not need automation to be successful as well. Many countries, including most of the EC Member States, had been able to implement those kinds of measures well before computers were invented.

109. At a recent conference in Southern Africa, speakers from Uganda and Lesotho, from the business sector and from the Government had raised many problems they had in terms of exporting their products out of their countries. Automation was the least of their concerns. Rather, the problems related to non-harmonization of border opening hours, to the requirement to pay a security at the border in US\$ and having it reimbursed in the local currency with a 20 per cent discount, or to being charged \$ 50 for 17 copies of the same document, or \$ 50 per document. Those were the things that worried a lot of traders, especially SMEs. And nothing of that had anything to do with automation. As the discussion in the Group continued, one would see that automation had an important role to play. But that was very much at the end of the whole Trade Facilitation simplification process and not a pre-condition, nor a beginning. And if Members could collectively reach the same conclusion, that would give some real comfort to countries worrying about excessive costs of implementing measures which in fact should save money for governments and traders.

110. The representative of Chile sought clarification on the issue of customs automation since there might be a problem of understanding there. It was important to be clear as to what was actually meant by that concept, and to know whether one was merely talking about adopting a harmonized system or about standardized documentation. Furthermore, it was also necessary to know whether one was talking about something many Members already had. Finally, she wanted to know whether there were any statistics on how many countries had customs automation already in place.

111. The representative of UNCTAD replied to the question by Egypt that UNCTAD was not only doing technical assistance, but also research and analysis. The work it was carrying out on the development of guidelines for the identification of needs and priorities was one type of such research. As for Egypt's request for UNCTAD to assess the impact of the Trade Facilitation measures, the problem was that no specific measures had been put on the table so far. It was an area UNCTAD would certainly address as soon as proposals were available. UNCTAD would then also look into the costs and the difficulties of implementation. But before analysing the impact of a measure, it was necessary to know in what context and what form it was supposed to take place. It could not be done beforehand.

112. Regarding the linkages with customs automation, he shared the view that many things could be done right from the start without automation, such as simplification, harmonization or standardization. Those issues had been on the table for years – they had been part of UNCTAD's FALPRO programme already 30 years ago. Basic things like the alignment of documents did not need automation. They were essential and one should not underestimate their value. What he had wanted to highlight with his presentation was that automation could not be done without some preceding work, and that certain measures could be made more efficient with automation. But he had not wanted to imply that it was essential.

113. As for the cost of ASYCUDA, it was a system that had been developed with the assistance of governments. UNCTAD did not sell it. But it was not a system one could just plug in to see it function. It had to be tailored to each country's specific situation. The tariffs used by a country had to be fed into the system and it was necessary to revisit one's procedures and documents. For all that, UNCTAD provided technical assistance to help implement the system. Some countries had been able to do everything by themselves with only very little assistance from UNCTAD, which was not a problem for UNCTAD. UNCTAD was not imposing its support. The costs varied, depending on what a country wanted to put into it. It also depended on the size of the country and the number of border customs points. The costs could range from perhaps US\$ 500 000 to 2 million. The time spent also varied, ranging from 12 or 18 months to 2 years, depending on where the country stood in terms of its own capacity to absorb the change.

114. Regarding the question on the relation between risk assessment and Single Window, he noted that his reference to that had only been one in terms of a graphic illustration. What he had wanted to highlight was the fact that once an automated system was in place, it would facilitate the work of risk assessment and the development of a Single Window. But it was not a prerequisite, and he shared the view expressed by the EC in that regard. Most countries had already established the automated system. It was nothing new. He could hardly believe that a country would process the information on its trade without using computers. What UNCTAD did in the case of ASYCUDA was to try to upgrade the system by introducing new technology. Many countries already had their own systems. Computers did cost almost nothing these days and automation had become unavoidable.

115. ASYCUDA had been implemented in 84 countries. That was not to say that it was still working in 84 countries. The success ratio varied. In some cases, there had been problems. But that was also the beauty of it, as problems led to the constant improvement of the system. Another interesting aspect was that there were different countries using it. Right now, UNCTAD was in the process of implementing it in Afghanistan, with some of the CIS countries also implementing it. A network could be created of customs being connected through ASYCUDA. The latest version of ASYCUDA was web-based, to ensure that everything was at the most up-to-date stage of the available technology. It was compatible with those preferring to continue using the non-internet based version.

116. The representative of Costa Rica, commenting on slide four of UNCTAD's presentation said that, as a developing country, Costa Rica fully agreed with the assessment of Trade Facilitation being a development factor. His delegation further shared the comments made by the European Communities and by Chile on the issue of automation. He wanted to take the opportunity to share the experience of Costa Rica in that context. Costa Rica had implemented the Single Window as a tool that did not use electronic formats. It was yet another example which showed that such a measure did not require the use of electronic systems or automation. That was not to say that those issues could not help and assist the process of Trade Facilitation, as had already been mentioned. Costa Rica itself had implemented the Single Window, for instance, and had in the recent past managed to make the system automated so that the documents were now generated electronically.

117. The representative of Malaysia noted that the presentations by the WTO, WCO and UNCTAD were a good start for Members to prepare themselves for the next stage of the Group's work. His comments on UNCTAD's presentation would focus on one particular issue that had been raised on slide 29 under the heading "UNCTAD's contribution to the WTO negotiating process". He had taken note of UNCTAD's reply to the question posed by Egypt on that matter, but wanted to expand the question a bit further. He wanted to be sure that the reference to UNCTAD's short-term technical assistance including UNCTAD help negotiators in Geneva and in capitals better evaluate the implications of the negotiated Trade Facilitation rules on government policies and objectives was a reference to the proposals themselves, not to the negotiated text. He wondered whether the idea was for UNCTAD to assist developing countries in evaluating the proposals that would come in. Furthermore, he wanted to learn more about the process for receiving technical assistance from UNCTAD, as many WTO delegates were only vaguely familiar with how the UNCTAD system worked in that context. It would be useful to know what negotiators from developing countries had to do to avail themselves of technical assistance from UNCTAD. He wondered whether there was some kind of focal point or whether it was necessary to contact the colleagues dealing with UN matters. Finally, he would like to know whether UNCTAD had some kind of programme to assist developing countries prepare themselves for the negotiations.

118. The representative of Brazil commented on the necessity of using ICT in negotiating Trade Facilitation measures, noting that much could be done without automation and the use of electronic forms. But it could take Members along a different path. In Brazil, one of the reasons for the existence of so many different forms and so many copies of everything in the past had been that each of the federal and state administrations involved in trade used to require the same information with slight changes. Negotiating a harmonization of paper forms among such a huge number of administrations was very difficult. It might sound simple, but it was extremely difficult. Brazil had finally been able to do away with hundreds of different forms, but only at the moment when the electronic forms were introduced, as that was the moment for completely replacing the entire system. With an electronic system, it was no longer necessary to have that many copies as everybody could access the information electronically. Overall, the question of ICT and automation could not be answered beforehand.

119. Turning to the question raised by Pakistan on whether ASYCUDA could work with larger volumes of trade, he wondered whether UNCTAD could elaborate on that. He had seen in a graph by the World Bank that there was an inverse correlation between the average time spent in customs with the volume of trade. It was important to know what kind of measures had a linear correlation with the volume of trade, what kind of measures had just one-off costs and what kind of measures required a discrete change. One had to look at what kind of money had to be spent for what level of trade, and to know whether those costs increased with a higher level of trade. He wondered whether that was the case with ASYCUDA. The reason for asking that question was that it had often been said that Trade Facilitation was something that paid for itself in the end. But if there was that negative correlation, one could get the impression that it was necessary to somehow amortize the costs of Trade Facilitation.

120. The representative of UNCTAD noted that ASYCUDA had been implemented in many developing countries where trade volumes were relatively modest. But it could also handle larger volumes of trade. It was currently being implemented in some European countries with discussions also being underway to implement it in Brazil. And even British Customs had at some stage shown interest in upgrading their system by using parts of the ASYCUDA concept. The problems could rather be found with respect to the rollout of the system. If the country was large, it required the installation of the system in many border posts. But there was no limitation in terms of the trade volumes it could handle. There was no need to get a new version of the system because the trade volume had increased. ASYCUDA had been designed for that.

121. With respect to the Single Window concept, it was clear that it did not require automation or computerization. In today's globalized world, electronic data interchange was part of international trade. It was something that could not be ignored. Therefore, systems like ASYCUDA, which tried to improve trade, would most likely go towards some kind of automation after some basic steps, which could not be avoided. Procedures had to be re-visited, documents had to be simplified. Automation was not always required, but as the development progressed, one would very quickly reach the stage where one had to face automation in one way or another. Once the documents had been harmonized and simplified, there were systems to quickly transform information into EDI processable one. There were UN systems available to help. One could jump into automation very easily. The techniques and the systems were there, and they did not require major investments. One could not say one would never talk about automation. Automation existed. It was everywhere. At some point, it had to be taken into consideration. But one should be careful not to have technology-dependent measures.

122. With respect to Malaysia's question on how to access assistance by UNCTAD, he noted that there were country projects available. Some countries had approached UNCTAD with certain requests, which had then been discussed with the responsible bodies in the country. UNCTAD had then developed an action plan, drafted a budget and then it was up to the country to find out who was going to finance the project. UNCTAD was not a funding organization. UNCTAD had to look for partners to finance technical assistance. Very often, UNCTAD was working together with the World Bank. Sometimes it involved infrastructure development, and sometimes it did not. There were different forms available. UNCTAD could also work with other donors.

123. In the context of the WTO negotiations, UNCTAD had received a number of requests from countries to organize workshops and similar events. But the problem was that if UNCTAD started to handle those requests individually, it would be quickly overwhelmed. There was a limit to its capacity. Therefore, UNCTAD was in the process of designing, together with its partners from the HLCP, the UN mechanism for cooperation on Trade Facilitation and for exploring the best way of handling numerous requests for technical assistance in the process of negotiations and, possibly, in the course of the implementation stage. UNCTAD did not want to jump the gun and start before Members had started working. Once UNCTAD knew a bit more about where the negotiations would go, and which shape they were likely to take, they could come up with some kind of solutions. But it could not be done beforehand. That would mean not making best use of its capacities.

124. The representative of the World Bank introduced his organization, noting that it was a global cooperative owned by its 184 member countries which essentially were shareholders. It was directed by a Board of Governors. The Bank was a development agency that provided policy advice, technical assistance, knowledge sharing and development finance. It consisted of five organizations, but for all important purposes, the IBRD and the IDA were the two organizations mostly referred to when talking about the World Bank. It had a staff of 11254 in 111 countries and had approved US\$ 20 billion worth of development finance in 2004. The IDA issued credits for countries with a GDP per capita of under US\$ 857. The credit was interest free with a service charge of less than 1 per cent and had very generous maturity periods. Loans by IBRD, of which there had been US\$ 11 billion that year, were for countries with a GDP per capita of over US\$ 857. They were market-based lending instruments.

125. The World Bank's interest in Trade Facilitation stemmed from the fact that there was a demonstrated strong link between trade, economic growth and poverty reduction, which was the Bank's key vision and purpose. Significant progress had been made in trade liberalization over the last 20 years, leading to reductions in tariffs and non-tariff barriers. Developing countries had increased their share in global trade, but it was an unfinished agenda. Whilst there had been a big increase in the developing countries' share of trade, it was restricted to a few countries, with 34 countries not having recorded any increase in international trade at all over the course of the last

20 years. Trade Facilitation was part of that unfinished agenda. Furthermore, customs and other border-related regulatory formalities were increasingly considered as a more significant barrier than tariff rates. Border formalities were still costing a lot of money. However, unlike tariff reduction, where negotiation was difficult but implementation was relatively easy, improving border-related procedures and regulatory institutions was a complex process.

126. While Customs and other border related institutions understood the importance of Trade Facilitation, they also performed a range of critically important functions, including revenue collection, community protection and national security. People running customs and other border-related agencies all said that Trade Facilitation was one of their key priorities. But when talking to the Ministry of Finance, it became clear that what they mostly cared about was budget collection. Customs collected between 30–50 per cent of all revenue in many developing countries with that amount going up to 70 per cent in some countries. Customs and other border-related agencies also had a huge role to play in community protection. And, increasingly, they were also very much interested in national security concerns. All of that had to be balanced against the Trade Facilitation aims. A lot of discussion had taken place on whether Trade Facilitation and customs control could be managed together. The Bank was of the view that that was the case. There was a lot of evidence to suggest that Trade Facilitation measures, which reduced clearance times, also had a positive effect on revenue collection and control. Reduced clearance times also brought about an increase in detection and in revenue collection at the same time.

127. Discussions had also taken place on whether it was just a customs agenda, or whether it also extended to all other agencies working at the border. The World Bank, in cooperation with the WCO, had funded some time-release studies. They had found that some of those other agencies were at least as responsible for border delays as customs. They also found that things like port infrastructure could be an important cause for delays. But customs was a key national institution as the only body responsible for the processing of every single import, export and transit consignments and it could work with others to ensure all trade and border-related agencies worked together to simplify and harmonize systems and procedures. Customs could therefore play an important role.

128. The Bank recognized that Trade Facilitation work was not easy. But the Bank had many years of experience of working in that field, and had come to the conclusion that productive investment in Trade Facilitation based on customs and border-processing reform and modernization could deliver value for money and sound development results. The challenge was to help everybody benefit from increased trade. There were three ways for countries to do that: (i) by improving market access through trade policy and tariff liberalization, where a lot of work was already being done; (ii) by doing work at the border, involving work on Trade Facilitation, including regulatory and procedural harmonization, simplification and institutional reform of the agencies involved; or (iii) by working behind the border, involving things like improving the investment climate, improving trade and transport infrastructure, and dealing with supply side constraints. The Bank was providing advice, technical assistance and development financing in respect to all that.

129. The Bank's activities in support of trade included several aspects. The Bank elevated trade to a prominent role in a country policy dialogue. For least-developed countries, trade was now reflected in the Poverty Reduction Strategy papers, in all country assistance strategies the Bank had and in its day-to-day negotiations and discussions with Member governments. Also, work being done on Trade Facilitation in separate parts of the Bank had been brought together into the International Trade Department, combining research, poverty reduction and economic management work. Furthermore, the Trade Logistics Group had been established, bringing together Trade Policy, Infrastructure and Customs/Border Management teams. They coordinated their activities and shared information. The Bank was further stepping up its trade-related lending and project operations.

130. In Cancun, the World Bank had announced a major initiative to support the Doha Development Agenda, involving enhanced support and lending for trade-related reforms. The Bank was also involved in improving coordination with donors and other international organizations. The Bank was a member of the Inter-Agency Meetings on Trade Facilitation, and was involved in the Integrated Framework for TRTA. They did research, analysis and advocacy work, and prepared several publications, like the Customs Modernization Handbook, covering all issues of customs reform, including valuation, rules of origin, IT, transit and integrity. The Bank also published a Customs Modernization Initiatives book, consisting of eight case studies on reform processes, highlighting what had worked and what had not, as well as related costs, and lessons learnt.

131. The Bank was further supporting constituencies for reform. Reference had already been made to the Global Facilitation Partnership for Transportation and Trade. This was a Group that had been set up a few years ago, involving many members from, inter alia, the private sector, from international organizations and government agencies. An important website had been created, which was a wonderful source of information on border processing reform. The Bank was also involved in Diagnostic Trade Integration Studies with the other IF partners including the IMF, WTO, ITC, UNDP and UNCTAD. It also offered diagnostic trade integration studies for non-IF countries, looking at the entire trade process, including trade policy, transport infrastructure and trade-related regulations, and producing a report and a matrix for action and priorities.

132. The World Bank further conducted Trade and Transport Facilitation Audits, looking at the whole trade supply chain process and searching for ways of improvement. So far, these had been conducted in Malawi, Chad, Benin, Zambia, Guinea, Mozambique, Bangladesh, the Dominican Republic and Tajikistan. The Bank was also involved in supporting Trade Facilitation seminars like the ones conducted in Cairo in April 2004, in Geneva in May 2004 (with UNCTAD), in Dhaka in June 2004 and in Shanghai in November 2004 (in cooperation with the EU).

133. Looking at World Bank projects with Trade Facilitation components between 1996 and 2003 one could see that there had been 26 projects in 34 countries with a total value of US\$ 304 million. For the time between the current year and 2006, those activities had been further stepped up with respect to Trade Facilitation, with 49 projects in 51 countries and a total expenditure of US\$ 1.2 billion.

134. World Bank support for Trade Facilitation within the Doha Round included the provision of balanced and accurate information to negotiators in Geneva and in capitals, including customs officials and trade officials. The Bank tried to find useful and balanced information on the costs and benefits and carried out relevant research. A compendium would be prepared on useful materials that were available. Furthermore, the Bank assisted countries in their needs and priority assessment and provided advice to that end. The main difficulty the Bank had in that respect, as had already been highlighted by others, was the question of how to do such an identification when not being exactly sure what the commitments would be. How could one assess the difficulty of implementing a measure that was not even known? How did one look at the cost of technical assistance required to that end? And how did one determine what laws would need to be changed, and what administrative procedures were required? How could that be done before getting a more precise idea on the scope and nature of the negotiations, and without knowing what would and would not be included? What was clear was that the Bank would build on the work of others. UNCTAD was doing some work on a self-assessment tool and the WCO had prepared an excellent Customs Capacity Building Diagnostic Framework. And they had taken that one step further, breaking it into the key elements dealing with Articles V, VIII and X to arrive at a smaller, more manageable checklist. The Bank would work with those organizations to ensure there were no attempts to re-invent the wheel. The last thing Members needed was another self-assessment checklist or questionnaire that would compete with the others. Rather, the Bank would work with those organizations.

135. The Bank was also looking at sharing practical information and best practice approaches and provided development finance for long-term Trade Facilitation projects. All of that was done in coordination and partnership with others. In the last 20 years there had been over 120 loan operations with significant customs/border management modernization components such as the Russian Customs Modernization Project (\$ 140 m), the Vietnam Customs Modernization Project (\$ 70 m), the Tanzania Tax Administration Project (\$ 70 m – involving the World Bank, UNCTAD, DANIDA, DFID, EU, FINNIDA, SIDA and IMF) or the Cambodia Trade Facilitation and Competitiveness project (involving a \$ 10 million grant, carried out in cooperation with EU and AUSAID). The Bank therefore had a great deal of experience in that area. They knew what worked and what did not. And they now had some formula they could use to improve the quality of the Bank's project work. The Bank was not working alone, but involved other interested partners.

136. It was important to engage in Trade Facilitation at the multilateral arena to ensure Trade Facilitation commitments from neighboring countries and in one's key export markets. The Bank wanted to use the WTO to leverage political support for domestic reform and to lock-in hard won reforms. The principles embodied in GATT Articles V, VIII and X already underpinned many bilateral and regional agreements. Reforms did not start from scratch. Almost everybody was engaging in reform. Organizations all over the world were looking at transparency. Thirty per cent of all developing countries had already websites to list their legislation. Thirty per cent were also in the process of reviewing and simplifying their customs and trade-related legislation. In terms of appeal procedures, the WTO Customs Valuation Agreement already involved commitments to establish such procedures. And there were huge benefits associated with that. They all delivered tremendous benefits to traders, and they were neither particularly difficult or onerous, nor particularly costly. Those things were feasible. And in many cases, those measures were already part of regional and bilateral agreements. In APEC, for instance, of the 13 Collective Action Plan items developed by the APEC Sub Committee on Customs Procedures, several mapped directly to the WTO Trade Facilitation agenda like, for example, Item 2 (Public availability of information, laws, regulations etc), Item 3 (Simplification and harmonization in line with the Revised Kyoto Convention), Item 7 (Introduction of Appeal provisions), Item 8 (Advance Classification Ruling Systems) and Item 11 (Risk management). Likewise, most regional trading arrangements throughout the world were typically underpinned by similar provisions which mapped to the WTO Trade Facilitation agenda.

137. What the Bank hoped to see from the Trade Facilitation negotiations was a meaningful agreement that delivered real benefits and which left no countries behind. What the Bank was concerned about was LDCs not moving forward through that process. Trade Facilitation was a global good. It made good sense for all countries. The Bank also wanted an agreement that took into account the legitimate capacity constraints and implementation issues facing developing countries. That was what the Bank was all about. And they would like to see the Trade Facilitation negotiations supporting the overall Doha Development Agenda.

138. The representative of Malaysia noted that one of the critical points in the negotiations was that many Members were not as fortunate as some of their major trading partners, both in terms of infrastructure and resources. The negotiating modalities made clear that any commitments would be subject to the availability of funding and assistance. Nevertheless, additional support was required and he sought clarification on the kind of assistance the World Bank could offer in that regard. Its representative had given the example of Cambodia where some 10 million had been given to assist in their Trade Facilitation efforts. What he would like to know was whether that support was provided in the form of a grant. He also wondered whether, if similar requests for such support were made by maybe 80-90 countries to implement the outcome of the negotiations, the Bank had the same capacity to take up those requests. Given the fact that many countries were facing financial problems, he wondered whether the Bank was willing to extend its assistance to grants for infrastructure development or other projects. When talking about real infrastructure, the necessary amount would be much higher than \$ 10 million.

139. The representative of Pakistan noted that the World Bank was doing a great job in the area of Trade Facilitation as it applied a more holistic approach than most other organizations. The Bank did not only offer technical assistance, but also came up with funding. He appreciated the fact that it was also offering support for important things such as infrastructure, building ports and customs houses. The World Bank would be one organization with the ability to help countries with respect to their infrastructure needs as mentioned in Annex D.

140. The representative of Japan remarked that many delegations had talked about the identification of particular needs and priorities of developing countries, as well as about the need for coordination amongst the various agencies. The World Bank had already addressed the coordination issue, but Japan would like to know more about how that coordination actually worked when carrying out Trade Facilitation projects. By way of an example, he wondered whether, when assessing the needs of the recipient country, the Bank would bring in experts from the WCO or UNCTAD, and whether they would use the Diagnostic Framework developed by the WCO. Japan would be interested in the types of operational collaboration executed by the World Bank.

141. The representative of Jamaica thanked the World Bank for indicating the importance of Trade Facilitation for developing countries. Jamaica had taken note of the view that bilateral and regional arrangements did address many of the issues taken up in Articles V, VIII and X and that the autonomous measures taken by developing countries also addressed many of those issues. That was important as it led Jamaica to believe that Articles V, VIII and X were in fact being implemented in a current process, leading to the question of what the problem really was.

142. His delegation had also taken note of the point made by the World Bank on it being important to lock in the reforms taking place. That was an important issue. From the presentation, he had had the distinct sense that what was taking place was a process of institutional and other development. He wondered whether the important thing was not to lock in the principle of reform rather than any specific measures as such, since the process was on-going and evolving, and whether a locking-in process would be productive or counter-productive in that context.

143. The point on it being important to have one's neighbours move in a like manner to improve access to one's major export markets through Trade Facilitation measures was significant. In the case of Jamaica, 70 per cent of its imports comprised raw materials or capital goods. His delegation had a distinct interest in ensuring that those raw materials and capital goods cleared customs and reached the productive process as quickly as possible. Jamaica therefore had a distinct interest in Trade Facilitation and in the customs functioning as efficiently as possible. But in terms of improving access to major export markets, most of those export markets were in developed countries. He wondered whether the World Bank – which had been doing a great deal of work in developing countries – had any kind of inventory of Trade Facilitation barriers in developed countries, and if any such inventory existed to which Members, as negotiators, could have some access to help them understand how one might improve access to developed countries through the Trade Facilitation negotiations.

144. The representative of Colombia raised two questions with respect to the diagnostic studies carried out by the World Bank. Reference had been made to the importance of coordination between the different bodies. Her delegation would like to know more about such coordination and about the experiences on how that coordination had worked. She wondered how one could have access to those diagnostic studies. Only very few projects had been carried out in Latin America and the Caribbean on Trade Facilitation, although it was quite a large area involving many countries. And yet, only three projects had been undertaken in the period for which the Bank had provided information.

145. The representative of the World Bank explained that the Bank took a holistic view to undertaking a diagnosis of issues. The WTO Trade Facilitation agenda was important, but reform as a

process did not start with the negotiations and would also not finish with them. Reform was an ongoing process. All countries, whether they were developed, developing or least-developed, were undertaking some form of reform process in their border management agencies.

146. Japan's question about the identification of needs was important. Coordination was a difficult thing. A hundred years from now, people would still call for more coordination. There should always be more coordination. But, in fact, it was sometimes much easier at the national level than it was at the regional and international level. What one found at the national level – such as with respect to the example given regarding Cambodia – was that there were a lot of agencies working in those countries. If one had a project, it was relatively easy to bring them together. In most cases, everybody wanted to do that because it was very difficult to achieve the targeted gains alone. But in many cases, there was an enormous amount of activities which were not very well coordinated. Therefore, the donor partners were very interested in coordinating. In that case, it was a matter of bringing them together. There were usually, at the country level, existing mechanisms for doing so. When the government was interested in a particular project, it was simply a matter of asking the donors what they were interested in doing and of bringing them together.

147. With respect to the mentioned mechanisms for undertaking the diagnosis, reference had already been made to the Vietnam Customs Modernization Project. Within the terms of reference for the development of that process, the Bank had specified that the consultants undertaking that work used the WCO Customs Capacity-Building Diagnostic Framework as their core tool for undertaking their diagnostic study. They had done so for good reason since they believed in a comprehensive approach. And one of the strengths of the WCO tool was that it covered not just the technical issues, but also the management-related issues. Therefore, it paid due attention to issues such as human resource management and development. It gave attention to matters such as good governance, and to supporting issues such as having a sound legal framework. It was a very comprehensive tool which was why the Bank had used it, and would probably continue to use it in the future.

148. As for the issues raised by Colombia, the diagnostic trade integration studies had essentially been undertaken for least-developed countries under the Integrated Framework. Benefiting from those activities was essentially a case of requesting such a tool. If Colombia met the criteria, the Bank would be very interested in supporting those programmes with the support of the Integrated Framework partners.

149. The Working Group of the Integrated Framework had met earlier that day with several colleagues participating. The six agencies involved had been working in close collaboration. The Bank had taken the lead in the so-called diagnostic trade studies. Trade Facilitation had increasingly come up in the context of those diagnostics as an important issue, and it was also becoming more and more common as regards the priorities identified in policy interventions as a follow-up to the IF. Therefore, a mechanism had been set up for the LDCs in the form of the IF, which provided a channel for collaboration and coordination between the six agencies active in the area of Trade Facilitation.

150. With respect to grants, the World Bank responded to the demands of its shareholders. There was a debate going on in terms of increasing the proportion of grants in the Bank's type of financial assistance. It was an area where demand existed in a very clear manner. For the fiscal year 2004 alone (which ended on 30 June 2004) – the Bank had financed roughly US\$ 500 million between credits and loans in the area of Trade Facilitation. And there were another US\$ 800 million in the pipeline for the next two fiscal years, with the expectation of the final amount even going beyond that. It was an area on which most developing countries were quite willing to vote with their own purses, and even negotiated loans or credits on a case-by-case basis. For the highly-indebted developing countries, there were options to be discussed. The situation of Cambodia was that the Bank would be glad to explore other opportunities when the conditions so applied. The Bank was considering all

options. The important point was that many of the governments were quite willing to borrow on Trade Facilitation right now because there was a strong recognition of its potential economic benefits.

151. The Chairman noted that, judging from the interest shown by delegations in the presentations, it had been a useful exercise which had provided a good start to the substantive work of the Negotiating Group.

152. Members had heard many comments and questions from delegations on the technical assistance and capacity building activities of the international organizations that had made presentations under that agenda item. There were two areas in which Members could usefully ask the WTO Secretariat to follow-up on their behalf. One was to help Members clarify how best to encourage and support the collaborative effort amongst international organizations that was called for in paragraph 8 of the Group's mandate, "in order to make technical assistance and capacity building more effective and operational and to ensure better coherence" in the area of Trade Facilitation.

153. The second was to help Members identify how they could individually make best use of the technical assistance and capacity building activities that were available from those international organizations in a practical way to target their individual needs and priorities. Such an exercise would help the Negotiating Group appreciate what was already available in that area, and would assist in identifying any gaps Members wanted to fill, as well as any improvements which could be made.

154. Suggestions had been made by several delegations about using WTO technical assistance activities to help developing and least-developed countries identify their priorities and needs in that area. One might wish to think about whether that was a practical suggestion, and whether there were other ways to achieve that result through the activities of other organizations.

155. Suggestions had also been made about getting input from the private sector in developed and developing countries. And questions had been raised about how funding would be made available for Trade Facilitation projects. Some of those issues might be better handled by other international organizations than by the WTO Secretariat, which was limited both in terms of its resources and its core mandate. One of the objectives of the negotiations was "to aim at enhancing technical assistance and support for capacity building in this area". In order to do that, it was necessary to have a good foundation to build on, and he would like to suggest for Members to turn in the first instance to the WTO Secretariat to provide the Group with a working document covering the issues that had been raised by delegations that day on which it could base its further negotiations.

156. The representative of the OECD briefed the Group about OECD activities in the area of Trade Facilitation. In the OECD, the main activities were about research and analysis and were aimed at knowledge sharing. All of those aspects were not limited to the OECD's membership, but expanded to developing countries, with development aspects and concerns by developing countries more and more having been taken into account. In the area of Trade Facilitation, work was directly led by the discussions in the WTO. Whatever the OECD had done over the course of the last 3-4 years followed closely the Geneva discussions and the concerns expressed in that context. Work had been geared towards analysing different issues in discussion in Geneva and providing material and supporting documents to help Members with their work. Prior to Cancun, a series of documents had been prepared on country (best) practices and approaches relating to the three GATT Articles under discussion. Those documents had been made available to the CTG and would also soon be made available to all WTO Members in a compiled form as a reference document. What she wanted to refer to more specifically was an ongoing work in the OECD on analysing and identifying costs of introducing and implementing Trade Facilitation measures. Members had already received a progress report relating to that work and she was now able to provide more specific information of its content.

157. Work had been initiated to address concerns of WTO Members with respect to cost implications of possible Trade Facilitation measures. It had also been started in response to the observation of there being very little information available that would allow for a clearer understanding of what those cost implications of proposed measures would be. The OECD Trade Committee had issued a request to collect information on that matter. The WTO document compiling all the proposals made by WTO members on how to clarify and improve GATT Articles V, VIII and X had been taken as a reference (G/C/W/434). From that document, 11 measures had been identified as being of particular importance for providing efficient and effective procedures for international trade, and countries were identified which had recently introduced, or were in the process of introducing those measures, asking for their cooperation in identifying the costs of putting those measures in place.

158. As a first phase, four countries had been covered: Chile, Latvia, Morocco and Uganda, with the help of delegations of those countries, especially from Chile, and with the help of the WCO. All countries had been visited with data being collected about the measures under examination, e.g., transparency, publication and availability of information, consultative and feedback mechanisms and communication with traders, review and appeal procedures and due process, advance lodgement and processing of data, procedures for the assessment, collection and repayment of duties and taxes, risk assessment, audit-based controls, special procedures for authorized traders, separation of release from clearance, security for duties and taxes and cooperation and coordination among different authorities. Information technology and automation had not been examined as a separate item, but had been taken into account to the extent they were used to put the listed measures in place. On the other hand, the study did not attempt to evaluate the costs of wider infrastructure measures such as the introduction of a telecommunications network since that was not the subject of the discussion in Geneva.

159. The first stage of the study allowed a number of observations with respect to the methodology for assessing Trade Facilitation costs. For instance, it became clear that trying to obtain cost estimates exclusively in monetary terms did not render sufficient results. The analysis had therefore been extended to include information on human resource variations. It also emphasized the value of elaborating performance indicators in order to properly assess the effectiveness of reviewed measures. The study strongly pointed to the importance of coherence between various Trade Facilitation measures as well as to the fact that certain measures could not happen without other measures. It also underlined the need to factor in linkages between measures that could not be implemented in isolation. Finally, it stressed the significance of the time factor: in order to get an accurate picture of a measure's cost implications, its costs and benefits needed to be assessed on a comparable time scale. There might be cases with significant starting costs, with the benefits sinking in over a longer period of time.

160. Although the current country sample was very small and the selected countries were very different from each other, some common observations could be made after reviewing their recent endeavours. Most facilitation measures were not the prime objective for reforms, but were part of larger efficiency-enhancing endeavours. Because of that, they had helped in introducing new approaches for achieving traditional mandates. Resources for introducing and implementing them were in many cases absorbed in normal administrative operational costs. While that clearly meant that countries which were already more advanced in the area of Trade Facilitation, were able to move faster and found it easier to make progress with a minimum of change and expense, it also showed that even those countries, which were still in their first steps, were able to obtain important and significant benefits from their endeavours.

161. Among the measures selected for review, the most significant costs were incurred in the technically demanding areas of risk assessment, audit-based controls and special procedures for authorized persons, because of the need for infrastructure and training. However, those costs were by no means very important when looking at the overall endeavours and the benefits obtained. All other

measures did not entail any significant costs, in the sense that usually resources which had been used in other, less productive tasks, were transferred so as to do things differently. The overall bill was therefore not significant. Among those measures, the publication and availability of information, consultative and feedback mechanism, review mechanisms, or cooperation and coordination among authorities had been able to put in place without automation. Automation was not necessary for those measures. However, there was need for at least partial automation for measures like advanced lodgement. And measures such as risk assessment and audit presented much better efficiency when done with the support of automation.

162. Further studies would follow. The OECD was in the process of seeking cooperation with a number of other countries, especially in Asia and a number of LDCs in Africa, and was hoping to have a sample of 15 to 16 countries by mid-2005.

163. The representative of Chile expressed her delegation's satisfaction with having been one of the countries where costs had been analyzed. As the question of costs was very interesting and very important in the area of Trade Facilitation, it was important to have a methodology that could help Members in that process. Her question to the OECD related to the benefits of Trade Facilitation. Those measures under consideration did generate a number of benefits, some of which had also been recognized, but she would like to learn more about the OECD's view on those benefits.

164. The representative of the OECD noted that, while the present study had indeed not particularly focussed on the benefits, previous studies by the OECD showed that there were significant benefits in all of those measures. Trade facilitation endeavours had been looked at comprehensively in the past by the OECD where it had become obvious that many of those measures paid for themselves. Some might be aware of a study published last year by the OECD which had analysed a number of reforms carried out in the Trade Facilitation area and had shown that related costs were recouped by enhanced revenue collection. In the case of Mozambique, for instance, such increased revenue collection had paid for the cost of the reforms in 14 months. A look had also been taken at the cost collection ratio brought about by the new efficiency enhancing measures with the result that Mozambique compared very favourably with the OECD average. During the reform, it took them between US\$ 15 and US\$ 21 to collect US\$ 1000 revenue, which was middle OECD average and far better than a number of other developing countries. It was the opinion of the OECD Secretariat that there were very important benefits to be gained by putting those measures into place.

165. The Negotiating Group took note of the statements made.

B. CONTRIBUTIONS ON THE AGENDA OF THE NEGOTIATING GROUP

166. The Chairman said that, under the second item, delegations would be invited to contribute on the Group's agenda, as adopted at the last meeting. He recalled Members' agreement on it covering all elements of Annex D, as listed in the Work Plan. He had understood from Members that there were several delegations wishing to address them in a cross-cutting manner, which was why he would organize the discussions in a flexible way, and allow the addressing of multiple aspects at the same time.

167. The representative of Singapore said that it was apparent from the modalities and from the preceding phase of clarification work in the Council for Trade in Goods, as well as from the presentations made by the international organizations, that Trade Facilitation spanned a range of activities, which included, but went beyond, classic customs procedures. It was not confined to a Member's national borders as it included also transit trade and thus involved several agencies at the national, regional and international level.

168. The importance of the involvement of international organizations was amply illustrated by the presence of the WCO, the World Bank, UNCTAD and the OECD at the current meeting. Members had all benefited from the comprehensive and excellent presentations by those organizations.

169. In Singapore's view, a basic objective of Trade Facilitation would be cutting red-tape – simplifying and streamlining procedures and processes. Apart from that, economic operators and governments looked for predictability and consistency, as well as for the non-discriminatory application of measures. Such underlying principles could be found in regional and bilateral trade agreements such as in Article 2 of the ASEAN Framework Agreement on the Facilitation of Goods in Transit, which listed a series of principles including MFN treatment, consistency, simplicity and transparency. Those principles underpinned the three GATT Articles referred to in the negotiating modalities and could amplify them. Simplification was an underlying tenet of GATT Article VIII, in particular of its paragraphs 1(b) and 1(c). Abolishing unnecessary and obsolete procedures and processes would be one obvious objective. Equally important would be the updating of relevant procedures and processes so that they were synchronised with the trading environment. Consistency and predictability were part and parcel of the transparency and due process commitments envisaged in GATT Article X. Non-discrimination between modes of transport, flag of vessels, place of origin or departure of the goods, etc. was also a common issue in the area of transit trade. Those were examples of clarifications and improvements to the existing GATT Articles that could be discussed in the present negotiations. The costs involved in implementing those measures would be nominal, on the whole. And the benefits would potentially far outweigh the costs. Members had also seen from the presentations by the international organizations that some of those principles were the basic building blocks for Trade Facilitation.

170. With respect to the issue of technical assistance and capacity building, it was encouraging to note that the presentations had shown a significant amount of such support to be already provided, with more being in the pipeline. It was important that technical assistance genuinely met the needs of developing and least-developed countries in respect of the negotiations. Suggestions had been made earlier about drawing up a list of needs, based on past seminars and workshops. In Singapore's view, that could be useful in the context of trying to improve technical assistance efforts. At the same time, it should be recognized that the provision of technical assistance and capacity building was an ongoing process which would need to be fine-tuned when issues became clearer as Members moved forward in the negotiations. That made it all the more important for Members to engage fully in the negotiations. A genuinely Member-driven process would ultimately have a positive impact on the quality and focus of the technical assistance donors were able to provide. Singapore looked forward to participating actively in the Negotiating Group on Trade Facilitation, the results of which would contribute significantly to the development agenda of the Doha Round.

171. The representative of Zambia, speaking on behalf of the least-developed-countries, reiterated the importance of assessing and addressing the different development levels of all Members in relation to Trade Facilitation, particularly of the LDCs. Such an assessment was vital to developing and least-developed countries as it was the only pragmatic and effective way forward. It would assist Members in identifying and achieving technical assistance benchmarks for Trade Facilitation. Also, since special and differential treatment was an integral part of the negotiations, as shown in paragraph 2 of Annex D and reflected in the agreed Work Plan, the assessment would assist in identifying Members' needs and specific situations and their ability to implement whatever might be agreed upon in the future. Furthermore, the assessment would also help Members consider and evaluate possibilities to harmonize their Trade Facilitation regimes.

172. Paragraph 5 of Annex D committed Members, especially developed ones, to "adequately ensure" support and assistance in the course of the negotiations. The LDCs hoped and looked forward to seeing the operationalization of that support as well as of other S&D-related issues. Furthermore, they hoped that the negotiations would take into account work done by the WCO and other relevant

international organizations such as UNCTAD, as stipulated in paragraph 9 of Annex D. The LDCs looked forward to constructively engaging in the negotiations in this new area of interest to them, and hoped that the Membership would appreciate and address their concerns.

173. The representative of Bolivia said that the current discussions as well as the experience and the bilateral, sub-regional and sub-regional efforts of countries showed that the need for Trade Facilitation was a priority. The aim was to reduce time and costs of marketing operations for goods and services to benefit their users. The Doha Mandate and the recent guidelines contained in the July package were all guided by the principle of special and differential treatment to provide developing and least-developed countries with substantial market access. For Bolivia, that objective could not be achieved in fair terms through the elimination or reduction of tariffs, tariff peaks, non-tariff barriers or technical barriers to trade alone.

174. Being landlocked involved additional obstacles and costs. An ECLAC study dated March 2003 had shown that Bolivia's transport costs were 66 per cent higher than those of Mercosur Members with access to the sea, and 240 per cent higher than those of the United States. That made it difficult for Bolivia to have competitive access to multilateral transport. Together with insufficient physical infrastructure, direct dependence on transit states was decisive in determining the effective export competitiveness. It was important to address that problem, looking also at the available input from other international institutions and other fora, where major studies and analysis had been conducted, and at the contributions made by Members in similar situations. The clarification and improvement of relevant aspects of GATT Articles V, VIII and X was an area in which Bolivia had an interest.

175. The representative of Japan said that, in Japan, Trade Facilitation had been a priority issue not only for the Government, but also for the private sector. In April, Japan's major business organization had requested that "all WTO Members should join together in drawing up a trade facilitation agreement within the timeframe of the DDA, as an essential part of the Single Undertaking" which should be put together with the participation of all Members, covering broad aspects of trade-related procedures and being based on principles like transparency, simplicity and standardization. The reasons for the call of Japan's business community for an agreement on Trade Facilitation were the procedural problems they faced on a day-to-day basis when trying to move goods across borders. They included difficulties such as extremely complicated documentation requirements, rejection of documentation in case of minor errors, complicated duty refund procedures leading to delays in refunds, vaguely defined customs classification and unclear other norms leading to too much discretionary power of officials, difficulties in obtaining information on trade rules, sudden change of procedural and administrative measures and the lack of effective appeal procedures.

176. Those were not only problems for Japan's business community, but also for every other party engaged in trade. The Japanese Government fully acknowledged those views and was of the opinion that governments could also benefit from Trade Facilitation, as it would allow them to allocate their limited resources more efficiently, thereby leading to better revenue collection and enhanced ability to handle increasing trade volumes. In order to meet the strong expectations expressed by business and in view of the potential benefits accruing to its government as well, Japan was willing to contribute to the promotion of the negotiations for their successful conclusion.

177. While Japan strongly called for negotiations to proceed with a view to further expediting the movement of goods around the globe, it was also fully aware of concerns about limited implementation capacities as expressed by some developing Members and reflected in the negotiating modalities. Japan agreed that necessary technical assistance for capacity building to implement the outcome of the negotiations had to be provided in line with the agreed modalities in Annex D. In that context, and in the light of the importance of Trade Facilitation for the promotion of global trade, Japan had been actively providing assistance to many developing countries. In the area of customs

procedures, for example, Japan had provided support through various assistance schemes including bilateral assistance, support through JICA (Japan International Co-operation Agency), APEC and the WCO in implementing WTO Agreements, such as the ones on Customs Valuation, Rules of Origin and TRIPs. That assistance included the hosting of seminars to improve the understanding of the merits of Trade Facilitation and the providing of procedural guidelines for efficient trade-related services. Furthermore, Japan was currently dispatching five customs experts on a long-term basis to the Philippines, Indonesia, the ASEAN Secretariat, Vietnam and Cambodia in order to assist them in promoting various customs reform projects. Japan was willing to continue providing such assistance while paying attention not to duplicate work carried out by other developed Members and by international organizations.

178. As part of its endeavours in the area of capacity building, Japan, in collaboration with Thailand, had hosted an APEC seminar on Trade Facilitation in Bangkok, as a contribution from APEC to the WTO negotiations. The seminar had pursued three major objectives: (i) deepen APEC Members' understanding of Trade Facilitation, (ii) provide opportunities for identifying Trade Facilitation needs and priorities, and (iii) offer an opportunity to enhance APEC's contribution to the WTO by making negotiators and other relevant officials from APEC economies more prepared for the Geneva negotiations. A preliminary summary of the seminar was available to Members in the room. The agenda of the event had consisted of four parts: (1) WTO Framework Agreement in the July Package, (2) benefits of Trade Facilitation, (3) needs and priorities in Trade Facilitation, and (4) capacity building for Trade Facilitation. Many participants had expressed the view that reducing administrative formalities could both facilitate trade and reduce administrative costs, which would result in more efficient resource allocation for customs and other border agencies. Participants also recognized the need for the involvement of various stakeholders including all border agencies and relevant private and public sectors.

179. On the issue of Trade Facilitation needs and priorities, participants shared best practices and experiences relating to GATT Articles V, VIII and X. Lessons drawn from those experiences included the importance of a strong political will and of a sense of ownership on the part of the reforming economies for the successful execution of Trade Facilitation measures. On capacity building for Trade Facilitation, participants shared the views that effective assistance also required an appropriate diagnosis of the needs, as well as a good sense of ownership on the side of the recipients. Participants agreed on Trade Facilitation being an ongoing collaborative process, which required continued efforts by all stake-holders involved in trade, and on it not being a goal in itself, but a useful means to support national reform policies. Participants also emphasized the importance of continuing that kind of initiative in the future. In that connection, Japan was planning to hold a WTO Roundtable on Trade Facilitation in cooperation with Australia, Canada, Malaysia and the United States as one of APEC's projects in Geneva early next year. Details would be provided in due course.

180. The representative of Chinese Taipei said that there was general recognition of efficient, simple and transparent international trade procedures being able to speed up the movement of goods across borders, improve competitiveness in international trade, promote a more reliable trading environment and contribute to global economic growth and poverty reduction. For those reasons, Chinese Taipei was in favour of ambitious negotiations. At the same time, Chinese Taipei attached great importance to S&D treatment, technical assistance, capacity building and transitional periods. Financial and human resources of the least-developed countries had to be taken into account as well. To further strengthen Members' capacity building, it was important to have coherence in global economic policy making and cooperation between the WTO, the IMF and the World Bank.

181. With respect to the clarification and improvement of GATT Article VIII, it would be appropriate to focus part of the discussion on the establishment of a methodology to analyse the relationship between costs and services rendered. The Group could perhaps ask those international organizations with experts in that area to offer necessary assistance. As for Article X, the only current

requirement was for relevant regulations to be published. To help the business community obtain the necessary information, the Group could discuss how that data could be more easily accessed. Advantage could be taken of the availability of modern technology such as the use of websites, to achieve that goal.

182. With respect to the identification of trade facilitation needs and priorities, Members should consider developing simplified, standardized and transparent clearance procedures based on international standards and instruments as one of their top priorities. Other measures such as risk assessment, control techniques, post-entry audit, use of IT/automation, pre-arrival declaration, advance rulings, appeal procedures and the establishment of partnerships with traders should also be considered. Much of that could be achieved to a greater extent through policy adjustments and education and training of human resources without the need for large investments in infrastructure.

183. With respect to work by and with other international organizations, the WTO should encourage Members which were also Members of the WCO to expedite the ratification of the Revised Kyoto Convention. The enforcement of that Convention would facilitate the negotiating process.

184. The representative of the Philippines said that the WTO briefings on GATT Articles V, VIII and X should be the starting point for the Group's discussions and negotiations. His delegation recognized that the July text expressly limited the negotiating mandate to those provisions. In that regard, the Philippines would like to make reference to the compilation prepared by the Secretariat in document G/C/W/434, summarizing the proposals on various provisions relating to Articles V, VIII and X. It would be a useful starting point for the discussions, along with the caveat of Annex D expressly amplifying important other concerns, including technical assistance and the identification of costs. Work should aim at discussing those existing proposals and at gathering additional inputs and submissions from Members relating to the above-mentioned concerns.

185. The Philippines also believed that Members should be open to inputs and suggestions from the private sector and observer organizations to objectively and frankly discuss the identification of the various components of their work on Trade Facilitation.

186. Work undertaken by the WCO on Articles V, VIII and X should be treated as a rich source of technical input. The Philippines looked forward to the needs assessment tools developed by the WCO and UNCTAD, which would be available in early 2005. The WCO's Time Release Study would also be an important tool to ensure that the goals of the negotiations would be balanced and result in effective increased market access for all developing and least-developed countries. The Philippines would also like to invite further study on the mechanisms for the legally binding commitments under the Kyoto Convention.

187. The earlier discussions had shown that there seemed to be a desire to get more specificity on the definition and the scope of Trade Facilitation, as well as on the role of automation and infrastructure. It increasingly became obvious that improved technology, necessary equipment and infrastructure were important cost factors.

188. The Philippines would like to see certain observations and findings being compiled from technical assistance activities of the WTO, WCO, UNCTAD and the World Bank in order to allow Members to review their needs and priorities.

189. As the representative of the Core Group, he would like to note that the Group remained engaged in the discussions. The clarification and improvement of Articles V, VIII and X would be an important aspect of the ongoing negotiations as would the identification of benefits and costs through an objective and frank discussion to provide Members with a better understanding of what Trade Facilitation needs and priorities would have to be considered.

190. Trade Facilitation was an evolutionary process. A frank discussion had to take place of the real cost implications if the negotiations were to advance. There would be regulatory costs, institutional costs, trading costs, equipment – and infrastructure costs. A clear understanding was required of the extent of those costs and their impact. The issue of training and IT personnel costs was important, too. Those costs were quite substantial and often neglected. Training courses involved the establishment of new staffing patterns, including the need for additional computer training personnel in all levels and continuous updates on latest technology. The importance of those elements for the successful implementation of Trade Facilitation measures could not be over-emphasized. It was only with the full awareness of all those aspects, and of the suggested measures, that Members would be able to move forward with the negotiations.

191. With respect to technical assistance and support for capacity building, the APEC seminar presented the case of the business sector supporting Trade Facilitation initiatives by providing IT hardware and other related assistance. The issue of how to coordinate properly the assistance by various donors was important, as also reflected in the July mandate.

192. The representative of Hong Kong, China stated that the information provided in the previous presentations was very timely and useful in enabling Members to better understand the three GATT Articles and the related work of the relevant international organizations, in particular on aspects concerning technical assistance and capacity building. Undoubtedly, the Group now had a solid ground on which to move forward. Through the concerted efforts of all Members and international organizations, a vast amount of information had been made available. Members should make best use of that information when working on finding common ground and formulating proposals in the upcoming negotiations.

193. Trade Facilitation was a major priority in the trade policy of Hong Kong, China. Any improvement on the existing trade rules would no doubt enhance efficiency, reduce costs and bring tangible benefits to businesses, consumers as well as governments. Hong Kong, China was convinced that the adopted Work Plan would be instrumental in taking the negotiations forward. All elements of the modalities were inter-related. The challenge for the Negotiating Group's future work was how to approach the discussion in an integrated manner. In that regard, Hong Kong, China believed that it should be a Member-driven process. When Members came up with proposals, attempts should be made to address the different elements of the modalities in a cohesive manner, including, for instance, the important elements of assessing needs and priorities of Members, special and differential treatment for developing and least-developed countries and technical assistance and capacity building.

194. Hong Kong, China fully understood the significance of Trade Facilitation. In addition to having an open and free trade regime, Hong Kong, China had implemented in the past few years a number of measures to facilitate trade, such as simplified licensing procedures and requirements, enhanced transparency in licensing and customs procedures and the introduction of EDI services for government trade documents. Its experience had shown that successful implementation required government agencies to take certain fundamental GATT and WTO principles into account such as transparency, necessity, simplification and practicality, consistency and predictability, communication and consultation, non-discrimination, due process and cooperation. Hong Kong, China believed that Members could use those principles as building blocks in the course of developing their proposals.

195. The representative of Canada said that the Group had got off to a really good start. Not only was there a solid work programme that had been agreed last week, but there had also been a very thorough set of presentations by the other institutions working on Trade Facilitation. Canada had always considered Trade Facilitation to be a very important topic, and now that Members were in the negotiating phase, Canada looked forward to making substantial progress in the coming months. Ultimately, what Canada was seeking was an outcome that would provide distinct benefits for all, in particular, an outcome that would be truly reflective of the development goals of the Doha Round. In

order to achieve such an outcome, Canada would expect that the overall effort had to focus on themes such as good customs and other trade-related border practices, predictability for the multilateral and domestic communities, as well as helping governments with their domestic reform efforts. That would also require a continued coherent and targeted approach to the delivery of trade-related technical assistance and capacity-building – one that would enable all Members to implement the outcome of the deliberations. In that context, Canada would be reaching out to various countries and groups of countries to better understand their objectives, needs and concerns. Canada's motivation to do that work was longstanding. New and/or improved rules to facilitate trade held the promise of distinct benefits, including faster, predictable and efficient customs clearance, as well as transparent and predictable procedures. The bottom line was lower business costs and more efficient and effective use of government resources. Canada was prepared to work hard including by developing proposals to help build the consensus that would be necessary to achieve those goals.

196. The representative of Bangladesh drew attention to the documents circulated by the Secretariat in connection with the meeting. Under agenda item 2A, the Secretariat, the World Customs Organization, UNCTAD and the World Bank had been invited to make presentations on their work in the field of Trade Facilitation. The Secretariat had provided Members with relevant documents on their presentations, which had been useful and timely. Bangladesh appreciated their substantive contributions.

197. One of the documents circulated by the Secretariat was the preliminary summary of an APEC Seminar on Trade Facilitation held from 8-9 November 2004 in Bangkok. APEC was not referred to in the agenda of the meeting as one of the presenters. Bangladesh was therefore unable to understand the reason for circulating the APEC paper at the present the meeting. At that early stage of the negotiations, it would not be advisable for the Secretariat to circulate any paper that largely reflected views of a particular group of WTO Members. His delegation would appreciate if due note was taken of its position and if the Secretariat would act accordingly.

198. The Chairman clarified that the APEC paper had not been circulated by the Secretariat. It also did not have an official document number. The paper had only been made available upon the request of the delegation of Japan.

199. The representative of Switzerland held that the continuous increase in trade volumes, trade complexity and the speed of trade flows had made the need for Trade Facilitation very clear.

200. Many organizations had worked in the field of Trade Facilitation for numerous years. Trade Facilitation had long been a subject of action in many fora and organizations, both intergovernmental and non-governmental (like the ISO or the ICC). They were active in the regulatory field as well as in the field of technical assistance and capacity building. In the Negotiating Group, Members should not duplicate the work done in those organizations, but rather draw upon their expertise, which would also be needed with regards to technical assistance. For a long time, there had been dissent on the role WTO had to play in that regard, reaching beyond the existing provisions on Trade Facilitation. Switzerland was satisfied that the 1 August result allowed for convergence on the view that WTO had indeed a strengthened role to play.

201. There was a deep need to involve all stakeholders. Trade facilitation involved many actors – traders, intermediaries, logistics companies, banks, different government authorities – which all needed to be involved for Trade Facilitation to deliver its full benefits. In the past, those stakeholders had too often used different methodologies and technologies to achieve the same end: facilitate business and trade. Best practices existed which could serve as a reference. But they had not yet been fully deployed in many countries. The appropriate involvement and consultation of all of those stakeholders would be key, namely in the process of implementation. Field experience showed that

communication among stakeholders could not be overemphasized. Many projects needed a second start because not everybody concerned had been involved.

202. Members had to take advantage of the many ideas put forward since Singapore, such as the need to increase transparency and predictability of procedures, to align and simplify documents, to enhance efficiency and speed of customs procedures and adapt regulations to the dynamics of international trade, to facilitate transport and transit and to seek electronic integration of information and payment flows. Trade Facilitation measures should also be examined from the view point of GATT principles as well as from the more operational side of the supply chain.

203. As decided on 1 August, the results of the negotiations would have to take fully into account the principle of special and differential treatment. Due to the important differences among developing countries with regard to already implemented Trade Facilitation measures, it was necessary to acknowledge that it was a huge challenge to translate that decision into operational provisions. Members would have to rely on creative ideas. New approaches were required that were tailor-made rather than generally applicable across the board. Countries' own capacities and priorities, together with external technical and project support, would determine the individual action plans. Action plans and a monitoring mechanism were indispensable elements of that approach.

204. Switzerland recognized that the provision of technical assistance and support for capacity building was vital for developing countries and LDCs. In the coming months, Members would have to present ideas on how to make best use of bilateral technical assistance efforts and of such provided by international organizations. It might be necessary to think of some kind of platform for cooperation and coordination in capacity building and technical assistance. Beneficiary countries should clearly identify and prioritize their assistance needs. UN agencies and other relevant international organizations should also address that issue in cooperation with the WTO. Beneficiary countries should be proactive in that respect.

205. The subject of Trade Facilitation had long been in the pipeline, and tremendous preparatory work had been done since Singapore. Switzerland welcomed the 1 August result as enhanced Trade Facilitation brought benefits to all stakeholders in international trade. Trade liberalization was an important tool for development in a system based on predictable rules, openness and lack of discrimination.

206. The representative of New Zealand welcomed the launch of negotiations on Trade Facilitation. New Zealand had been a strong supporter of such negotiations for many years and was committed to ensuring an effective and productive negotiation on the basis of the modalities agreed in July. As for New Zealand's broad objectives for the negotiations, New Zealand was interested in them leading to the development of Trade Facilitation measures that would strengthen and improve four existing WTO principles of direct relevance to Trade Facilitation, namely, (i) improved transparency, (ii) due process, (iii) greater certainty of trade, and (iv) minimizing unnecessary restrictions to trade. Similar and related principles had further been mentioned by others, such as simplicity or predictability, which were supported by New Zealand as well.

207. New Zealand critically depended on trade. It had a real interest in ensuring Trade Facilitation outcomes that would assist its exporters to operate more effectively and efficiently in the international market. Trade facilitation was also important on the import side. By cutting costs and simplifying access for imports, it secured cheaper goods for New Zealand's consumers and more competitively priced inputs for its domestic industries.

208. New Zealand was conscious of the work to be done to move the negotiations forward. It supported the educative focus of the present meeting and was of the view that, as negotiations progressed, educative opportunities would continue to be important. New Zealand was grateful to the

international organizations that had already given presentations. They had done much valuable work on quantifying and analyzing the implications of improved Trade Facilitation measures for Members. There was now much more reliable and detailed information available, and a much more complete diagnostic toolkit, than there had been even at Cancun.

209. New Zealand agreed that good coordination, particularly between developing countries and those organizations would be important in facilitating progress in the negotiations and ensuring delivery of the appropriate technical assistance and capacity building to Members according to their specific needs and priorities. With respect to the next steps, New Zealand was in the process of looking at where best to make a contribution to the Negotiating Group. In the past, New Zealand had submitted papers on its national experience and its domestic attempts to implement and operationalize improved Trade Facilitation measures. New Zealand hoped that there might be elements in them that could be developed further in the new post-July negotiating environment. For example, New Zealand had shared ideas on small practical measures such as establishing enquiry points and reducing paper-flows. Those and other ideas were ones that could be explored further in the context of the modalities, taking into account the range of issues covered in them. New Zealand was also aware that Trade Facilitation spanned a range of activities and a number of government agencies and stakeholders. They all had to be involved and their input and interests had to be taken into account, to the extent possible, if the negotiations were to move forward. New Zealand was looking forward to moving into the substantive phase of the negotiations next year.

210. The representative of India associated herself with the statement by the Philippines on behalf of the Core Group. Members were now beginning work on Trade Facilitation based on the modalities contained in the July framework. The Secretariat compilation G/C/W/434 would be a useful starting point for that work which could help to further focus the discussions and add more precision to Members' work on GATT Articles V, VIII and X. The Work Plan drafted by the Chairman was extremely well-balanced and took into account the concerns of developing countries and the need to address them.

211. Technical assistance was an integral part of the negotiations. If the Secretariat, in collaboration with the other relevant international organizations, could draw up an illustrative check list of issues arising from the problems articulated by participants in the various workshops and seminars on GATT Articles V, VIII and X, that could be a useful reference point for future work. Furthermore, technical assistance also needed to be slightly re-oriented to provide for more "hands-on" training, not only for customs officials, but also for other Geneva- or capital-based officials, and it should also focus on capacity building. The assessment from that technical assistance should also focus on necessary provisions to meet the estimated costs, which should be an important part of the technical assistance activities. India was committed to engage constructively in the negotiations, which had to be a Member-driven process, based on Members' proposals.

212. The representative of Costa Rica said that there had been a good start of the Negotiating Group's work which had covered many of the relevant aspects of the negotiations. Costa Rica was extremely pleased to have been able to begin the negotiations in July. Trade Facilitation was a key element of a country's development policies. The modalities provided the Group with a solid basis for a clear framework of principles and obligations which enabled Members, and particularly traders, to participate in a global economy with great certainty, with legal security and efficiency. As had already been mentioned by Bolivia, better access to markets through reduced tariffs was not enough. It was also necessary to simplify procedures for export and import as they created other obstacles to international trade. Those principles and obligations had to be accompanied by actions leading to creating greater capacity building and promoting technical cooperation and assistance, taking into account the realities and conditions in each country, especially developing ones. That had been clearly outlined in the modalities set up in July.

213. Trade facilitation should be considered as an agent for development, not only as a tool for trade. The objective of the negotiations was to reach balanced commitments for Members which enabled everybody to benefit. Some of those benefits could improve import- and export-related procedures. They did not only benefit larger enterprises, but also small- and medium-sized ones, as well as consumers. All of them would benefit from reductions in costs and delays, and from improvements in the administration of procedures, in collecting levies and fees and in improving the investment climate.

214. Costa Rica believed that it was important to strengthen technical assistance in that area which was positive for developing countries. Costa Rica also welcomed the fact that developed countries had offered greater commitment in the modalities to strengthen technical assistance in order to help developing countries comply with the commitments. Costa Rica was dedicated to the negotiating process and hoped that future contributions would allow the improvement and clarification of Articles V, VIII and X of the GATT. As mentioned by Hong Kong, China, it was important that the process continued with concrete proposals enabling Members to deal with certain elements of the modalities, especially those related to technical assistance, cooperation with other international organizations, and coherence. Efficiency, simplification, transparency and cooperation were all important.

215. The representative of Norway said that, after several years of discussions in the Council for Trade in Goods on Articles V, VIII and X, and on the need for technical assistance and capacity building, Members had agreed in July to start negotiations based on the modalities set out in Annex D of the July package. That was the start of a new process where Members should clarify and improve relevant aspects of the three GATT Articles with the aim to further expediting the movement, release and clearance of goods. Furthermore, Members had also decided to enhance technical assistance and capacity building in the area.

216. Members had agreed on the adoption of a Work Plan and schedule of meetings for 2004. That was the first step of a process that would lead to rules for the benefit of everyone, developing and least-developed countries alike, importers and exporters. The process ahead was admittedly complex and perhaps difficult. Norway was aware that some Members had a longer way to go than others, that their trade flows varied, the size of their economies was different, the level of development was not the same with the resources – both economical and human – being modest for some Members. Norway also knew that the traded goods were not the same and that the mode of transport was different. Despite those differences, Norway was convinced that everyone had something to gain from the negotiations, and if the trading community could trade more efficiently, there were major economic gains for everyone. Small- and medium-sized enterprises would benefit in particular from a more predictable and transparent trading environment.

217. The fact that Members' levels of development varied was fully recognized in the modalities for the negotiations. The need for technical assistance and capacity building was described, as well as the one for special and differential treatment. Members were all aware that rules without proper implementation had no value, and that technical assistance and capacity building were therefore necessary.

218. Norway knew that several projects had already been carried out or were going on in UNCTAD, the World Bank, the World Customs Organization, as well as in the OECD, which provided very useful input. The presentation by the World Bank had revealed that the Bank would be involved in nearly fifty projects with Trade Facilitation components in the fiscal years 2004-2006, a considerable extension of commitments compared to previous years. Also, within the WTO, in a more modest form, the new situation had been reflected in the budget for next year, with more resources being allocated to the area. Norway had also heard from the WCO that it was developing tools to help countries better assess their Trade Facilitation needs.

219. The educational part of the meeting had been an important step, and should continue. In the weeks and months ahead, Members should engage in a dialogue about the complex issues they needed to solve in the negotiations. If Members all engaged in such a dialogue they would reach a result that would benefit everyone. At the next meeting in February 2005, Norway looked forward to an in-depth discussion of the relevant aspects as set out in Annex D and the approved Work Plan.

220. The representative of Pakistan said that there were as many views on what was meant by Trade Facilitation as there were delegates in the room. To start the negotiations on Trade Facilitation, the first and foremost task was to have a list of all the areas that needed to be negotiated. For that, guidance and help could be sought from the Revised Kyoto Convention, and from work done by APEC and UNCTAD, and others. Once Members had identified the areas that needed to be negotiated, they could proceed with assessing their respective needs and priorities and – simultaneously – the concerns of developing and least-developed countries. Once those things were settled, work could progress smoothly.

221. With respect to technical assistance and capacity building, reference had been made to them in Annex D on many occasions. Two different connotations were involved – one with respect to the participation in the negotiations and a second one as regards the implementation of their results. The presentations made by the various international organizations had shown that there were many Trade Facilitation projects going on. There was a need for coordinated and coherent work in the area. If some agencies, preferably the Secretariat, the Global Fund and the Negotiating Group on Trade Facilitation, could be given the lead role in identifying where technical assistance was required, to what extent, and which agencies could provide it, that might smooth the process. The need for that was further strengthened by paragraph 7's reference to review the effectiveness of the assistance and support provided by the donor agencies or by international organizations.

222. The representative of China said that, on the whole, the Chinese delegation felt comfortable about the Work Plan. It was balanced and comprehensive and China could go along with it. As for the elements of substance, China was of the view that Trade Facilitation acclimated the development trend of economy globalization and accorded the development goal of the multilateral trading system. Therefore, the Chinese delegation firmly supported the process of advancing and expediting negotiations on Trade Facilitation. The definition of Trade Facilitation was to simplify unnecessary procedures in customs clearance. Substantial management adopted by each Member due to normal trade practice should not be unreasonably affected or changed. Trade facilitation aimed to simplify unnecessary trade procedures, publicize trading system information in an open and transparent way, collect fees rationally, lower costs, shorten time for customs clearance, and improve trade efficiency.

223. Scope, modalities and objectives of the negotiations should be clarified first. In light of the mandate of paragraph 27 of the Doha Ministerial Declaration and Annex D of the July package, China was of the view that the scope should be defined as being the clarification and improvement of Articles V, VIII and X of GATT 1994, which included information provision, consultation mechanism, review and appeal procedures, documentation requirements, customs procedures, cooperation between border agencies, transit procedures, non-discriminatory requirements etc. China believed that the objectives of the negotiations were to simplify and rationalize trade procedures, lower trade costs, improve trade efficiency, create more open and transparent trade procedures and provide a non-discriminatory and predictable basis for international trade. The result of the negotiations should not affect each Member's trade practice. All indispensable works, procedures and management systems should be implemented integrally. As for the modalities, China believed that the negotiations should proceed in accordance with the modalities set out in Annex D of the July package in order to ensure integral and efficient results.

224. During recent years, China had made remarkable progress in Trade Facilitation, introducing a mechanism called Integrated Clearance System, a system for the simplification of procedures and the

reduction of costs, which responded to the growth in trade over time. In doing so, China had found itself to be still short of necessary technical support in the areas of infrastructure support and IT personnel. There was a need for enhancing capacity building with regard to various aspects. China hoped that those issues would be progressively solved as negotiations proceeded, and that they would benefit all Members and facilitate their future international trade.

225. The representative of Sri Lanka said that he had paid particular attention to one of the slides of the World Bank presentation which stated that customs and broad oriented formalities were increasingly considered as a more significant barrier than tariffs. The World Bank had also presented their important website. In exploring that site, he had come across particular research done by a researcher from the United States, which attempted to assess the trade restrictiveness of the various border measures. Interestingly, cumbersome procedures in the customs and border clearance area had been classified as being most trade restrictive. The Negotiating Group could contribute to addressing those trade restrictive aspects by simplifying and rationalizing procedures.

226. Sri Lanka had some experience in introducing Trade Facilitation measures, like the ASYCUDA programme, and clearly saw the benefits. Trade facilitation could bring immense benefits exceeding the costs to the trade and the economy as a whole and could contribute to poverty reduction. However, Sri Lanka shared the view that technical assistance should be an integral part of the negotiations. The need for assistance in that area went beyond the traditional and conventional aspects of technical assistance. Modernization and application of technology were required. Developing countries were sometimes lagging behind in those areas. An extra effort was needed in identifying specific needs of those countries. Sri Lanka looked forward to engaging in the discussion focussing on such technical assistance needs.

227. The representative of Turkey stated that the use of information technology was one of the most important revolutions trade-related administrations had ever witnessed. The development of new technologies and of telecommunications infrastructure had helped trade-related administrations to lower the costs of receiving and disseminating information. Performing procedures in an electronic environment challenged national and international coordination if combined with improvements in the legislative and structural pillars of the organization. Facilitation of trade required fundamental changes in trade-related legislation, particularly customs legislation. All legislation that did not meet recent requirements caused loss of time for both traders and customs organizations. Implementing legislation properly had been a main driving force for enhancing the existing administrative capacities. The goal of acceding to the European Union provided all public sectors in Turkey with the necessary political will for such action.

228. Effective capacity building required an accurate diagnostic and analysis of country-specific needs. With that in mind, a customs modernization project had been undertaken in Turkey in parallel with legislative reforms. From that point on, the focus of the modernization efforts had been on modifying customs legislation and procedures according to international standards, such as the Revised Kyoto Convention, the development and implementation of computer systems and the re-organization of customs administration.

229. Turkey strongly supported the idea of using WCO papers and instruments as a starting point to advance the talks. As Turkey had understood from the presentations and earlier interventions, technical infrastructure was useful for Trade Facilitation, but not indispensable to start the process of ensuring transparency and predictability, working on the standardization of documents or struggling against corruption. The only element required was the will to do it. No computers were necessary to do so. But, at a certain point where existing resources would be insufficient, there would be need for infrastructural and institutional transformation. At that point, modernized work flows and technical equipment would be somewhat inevitable. The only thing limiting the Trade Facilitation were the security and fraud-control concerns. When identifying Trade Facilitation needs and priorities,

reference should be made to concerns in the areas of security and fraud. Capacity defined the limits of elasticity of an administration and established room for waving some traditional compliance systems such as physical checks or special documentation. Security and fraud concerns should be the sole limiting elements for the current talks. Turkey proposed to discuss security and fraud concerns in the forthcoming sessions when defining Trade Facilitation needs and priorities.

230. The representative of Ecuador noted that the information sessions had provided delegations with the necessary background to have the negotiations positioned in line with Annex D and within the concept of the Single Undertaking. The support by the Secretariat in compiling documents and ideas was of particular importance. Ecuador supported the principles on which the negotiations were based, where technical assistance was crucial as well as innovative forms of capacity building adapted to each country's needs and realities.

231. Trade facilitation was a subject which would bear important results in the Development Round. Coordination of efforts and programmes by various bodies and coherence of policies applied in developing countries were particularly important.

232. The representative of Indonesia noted that the educational and stock-taking process had been very useful. With respect to the matters under negotiation, Indonesia supported the statement made by the Philippines, and encouraged all Members to engage constructively in the process based on the modalities stipulated in Annex D of the July package.

233. The representative of Cuba said that work should proceed on the basis of the proposed Work Plan. Cuba agreed that it should be a Member-driven process based on concrete proposals. It should be preceded by an assessment of the needs and priorities of the Members of an organization where the development dimension was a constant reference point for deliberations and decisions.

234. Cuba recognized the major role that technical assistance could play in that stage as well as the importance of contributions and inputs from other international organizations to the negotiations. The Cuban delegation wanted to emphasize the importance of special and differential treatment to ensure a positive balance for all Members. With that aim in mind, special treatment should not be conceived solely in terms of timeframes to meet obligations. It should also ensure trade advantages and room for Members with greater difficulties to fully fit into the multilateral trading dimension and to achieve a positive balance.

235. To have a successful outcome of the negotiations, it was first necessary to avoid gaps in the interpretation of Articles V, VIII and X of the GATT, which were currently present, and to agree on the definition and the scope of Trade Facilitation, as well as on the cost-benefit impact of multilateral obligations. It was also necessary to strengthen the key pillars of the WTO, such as the principle of non-discrimination.

236. The representative of Korea said that the meeting had provided a good opportunity to introduce ongoing projects and progress of work by relevant international organizations especially in the area of customs procedures. Korea was encouraged by the WTO Secretariat's plan to hold regional seminars and workshops the following year. That would offer good opportunities for many developing countries to assess their Trade Facilitation needs and priorities. Korea remained committed to the negotiations process and would engage in that Member-driven process by submitting proposals on improving and clarifying relevant GATT Articles and by sharing its national experience while at the same time bearing in mind the concerns expressed by developing countries.

237. The representative of Brazil said that he had learned from the presentations the other day that the term "Trade Facilitation" was used as if it meant one thing whereas it actually had several different meanings. When negotiating a project on Trade Facilitation with one country, the World

Bank could take all its needs into account, examine all relevant circumstances, adapt procedures to the requirements of that particular country and provide a loan which would directly go to the administration involved. In exchange, it was possible to devise some performance requirements such as dropping the average number of days spent in customs clearance by a certain percentage.

238. What could be done in the WTO was different. The WTO was a rules organization, with those rules having to apply in a horizontal manner to the extent possible. It was not possible to take into consideration all the needs and specific requirements of each country. What one had for the time being were rules that required things like not to have unreasonable delays, or not to impose excessive fees. What Members could do with that was to bring those very general expressions to something more concrete and see what that could mean. The unreasonable delay was perhaps due to a lack of harmonization of documents. In that case, Members could perhaps reach agreement to look at some model adopted elsewhere in the context of the negotiations, just as Members had done in the areas of SPS and TBT, where they had referred to what had been done in other organizations. In the WTO, one could not expect to go into the level of details applied by the World Bank or some other organizations when negotiating a project.

239. As UNCTAD had explained, even an automated system for customs data had to be adapted to the individual requirement of each country. It would be very difficult to try to sort out in the WTO what exactly would be the kinds of rules that would apply to all Members. That had other implications as well. When saying that Trade Facilitation would benefit everybody, one might refer to the kind of Trade Facilitation carried out in some other organizations. What Members had done in the WTO on Trade Facilitation had to do with market access and liberalization, and with not undoing in customs what one had agreed on in the market access negotiations. Therefore, one could say that it was beneficial in general terms, but one could not say that it benefited everybody exactly at the same level. That was something Members would have to look into.

240. With regard to the Work Plan, one had to take an opposite view. It would not be very productive if Members spent a lot of time trying to establish beforehand what their needs and priorities were as they would differ from country to country and would have to be adapted to the circumstances of each Member. What Members needed as soon as possible were concrete proposals on the clarification of GATT Articles V, VIII and X. Then those proposals should be examined from the perspective of all the elements contained in the Work Plan, looking at questions like to what extent was special and differential treatment required, how would the suggested measures fit the needs and priorities of all Members, what had to be done in terms of technical assistance, and what had been done with other relevant international organizations. Members should be clear as to what the object of the work was, and what the task at hand was to make progress. A Work Plan had already been adopted. The sooner one could get into a concrete discussion of proposals related to Articles V, VIII and X, the better.

241. The representative of the European Communities noted that his delegation was very pleased that the negotiations were finally underway and on the basis of an explicit consensus. That built very well for the future negotiating process. Obviously, there would be differences in the importance attached to the negotiations by different Members. There would be different needs, priorities and areas of concern. But it was very clear that it was not a north-south issue. It was not one with winners and losers but one where everybody could derive some benefits if one got it right.

242. There had been quite a bit of discussion on what was meant by Trade Facilitation. Brazil had raised the issue in a very coherent way. What the EC saw as Trade Facilitation was stated in the mandate of 1 August. That was the basis and the starting point that defined the scope of work on Trade Facilitation in the WTO. There was less need to concern oneself with what was Trade Facilitation than with why one was doing it. For the Communities, the purpose was to arrive at an outcome that would make life easier for traders. That meant reducing costs, delays and the

bureaucratic procedures all traders and, in particular, SMEs, were facing on a day-to-day basis around the world. It would be wise to test all ideas and all proposals in the coming weeks or months against the criterion of whether they made life easier for traders.

243. The discussions at the present meeting had already given a good basis on which to focus work in the coming months. The EC drew two or three initial, preliminary conclusions from it. First, there was clearly scope for updating the three GATT Articles referred to in the negotiating mandate. Secondly, it was very clear that some very fundamental GATT principles did not apply either at all, or in full, to those three GATT Articles, such as the principles of transparency, non-discrimination, proportionality, use of international standards and special and differential treatment. Those were all fundamental GATT concepts which were not really fully reflected in many aspects of Articles V, VIII and X of the GATT. The third point was that there should be scope for updating the GATT provisions and taking action in a number of areas that could be introduced relatively easily and that did not imply any, or no, significant resources. Measures to align procedures with existing international standards, procedures to reduce the amount of paperwork required for presentation at borders, coordination between customs authorities and the reduction, publication and rationalization of fees charged for various kinds of customs interventions etc. were measures which could be achieved relatively easily. They did not imply any real costs. The many notifications in the NAMA Group on non-tariff barriers relating to customs procedures and fees and formalities indicated that there was quite a lot of interest from many Members from all sides to see some improvements in those areas.

244. The present discussion was of a more general nature with the Group not getting into the details of the various provisions and not making specific proposals. The European Communities would soon bring forward some specific proposals in respect of the GATT Articles Members were asked to clarify and improve. They would be based on previous submissions that Brussels, and others, had made to the WTO and would focus on areas which were relatively obvious, relatively easy to understand and which could be achieved at relatively little cost.

245. His delegation was pleased with the way in which the Work Plan had been elaborated. As the Group moved into a more substantive phase of work next year, Members would need to find a way to move from the more general to the more specific. He agreed with Brazil that Members had to define better the outer parameters of what they were negotiating with reference to the mandate, the three GATT Articles, and the other very important elements of that text. As soon as delegations could come forward with more specific ideas which would allow the Group to focus the discussion, it would obviously be easier to look at the merits of clarifying and improving the three GATT Articles, and, on that basis, at what it entailed in terms of special and differential treatment, technical assistance, cost implications, the particular needs of the least-developed countries etc. Members would have to use a starting point based on specific proposals, as Brazil had rightly suggested.

246. With respect to trade-related assistance and capacity-building support, the discussions had clearly underlined that they were fundamental in the area of Trade Facilitation. No delegation was more committed to the provision of assistance and aid than the European Community and its Member States. But one had to be rather clear about the WTO's role in that area, and about what belonged more to the other international organizations who were more directly concerned with the delivery of development aid in a broader sense. In the WTO framework, there was obviously a role for the Secretariat and other organizations to participate in the pedagogical process. Workshops and seminars aimed at helping delegations better understand the implications of various Trade Facilitation proposals that might be made in the WTO. But with respect to the implementation of any future WTO provisions, the capacity building and aid effort would be beyond the WTO's mandate and capabilities. That was more the work of other international organizations who needed to work in a much more coherent way. And that was understood by them. There was also an important role for development aid in a broader sense for infrastructure, development etc. which had very little to do

with the WTO agenda. With or without any future provisions on Trade Facilitation, there would be the provision of development aid in a broader sense to build up infrastructure. That aid was not a specific focal point for WTO negotiations, but the kind of support provided by major bilateral donors and the World Bank, helping to build up countries' infrastructure. That support was already taking place, it had been a priority for many in recent years and would continue to be a priority in development aid, with or without the WTO process. As Members moved along in the Trade Facilitation discussions, it was important to have a fairly clear idea about what kind of technical assistance and capacity building work was strictly within the purview of the WTO as an institution, and the Negotiating Group in particular, and what needed to take place and be carried out in parallel in other international organizations.

247. The representative of the United States said that her delegation was delighted to begin negotiations on Trade Facilitation and to participate in the first substantive meeting of the Negotiating Group. The presentations that had been made would provide a helpful input as Members moved forward early next year to negotiate clarifications and improvements to GATT Articles V, VIII and X and to meet the overall mandate of the negotiating modalities. The negotiations offered a unique opportunity for every Member to meet a challenge that was increasingly an element of participating in the world trading system. The negotiations were for all Members both in terms of their importing and exporting capacities. Everybody was living in an era of instant communication and continually increasing efficiencies in the movement of goods. Every Member's economic output and, in particular, the operation of their small enterprises would be improved by more openness in trade transactions, procedures or, more directly, by taking a positive systemic approach to improvement. One of the important results should be that a sudden unavailability of needed inputs for manufacturing could not be attributable to their being held for unduly long periods at the borders.

248. The United States would also like to emphasize that they did not see complex negotiations. Some of the kinds of commitments they would envisage were greater transparency measures, specific provisions for procedural fairness in administrative and traditional review procedures, provisions to help provide rapid release of goods, and provisions for expedited treatment of express shipments. The US delegation was already aware of the keen interest of landlocked countries in ensuring that GATT Article V relating to the treatment of goods in transit was made more robust.

249. The United States had started a robust domestic consultation process with its traders and other interested stakeholders. They had also managed to begin to engage some of their developed and developing trading partners in the WTO, and hoped to do more. The United States had begun exchanging views on what they envisioned for the negotiations and hoped to have a dialog in which they could maintain those kinds of communications which would be an important element of ensuring a full and shared understanding as they moved ahead in the negotiations. Through such efforts, they could also ensure a full understanding of the individual needs and challenges of each Member.

250. Already from those early exchanges, and from the interventions at the present meeting, the United States sensed a lot of shared interest in objectives and in ways of meeting them. From that, they were optimistic for steady progress with everyone participating. Like Brazil and others, the United States saw the negotiations as a Member-driven process and was ready to soon begin with concrete proposals along the lines discussed by several Members, taking into account all the elements of the modalities, including issues such as cost and what kind of technical assistance might be necessary. The need for coordination with the international donors and providers was important and the United States looked forward to a dialog as Members drew from experiences and improved their understanding and how to achieve that.

251. There was a high potential for the gains from those negotiations to be in the form of commitments that provided for the transparency, efficiency, stability and certainty needed to ensure

growth in trade flows and increased investment. For each Member at every level of development, there was an opportunity in the negotiations for positive results.

252. The representative of Egypt shared the views of Brazil and the United States on what should be the aim of the negotiations. It should be a simple process of agreeing on some general principles and understandings without getting into detailed technical issues. It was important to have that kind of understanding among all Members in the beginning of the negotiations, so that the specific submissions would then be framed accordingly instead of getting into an endless debate on that matter each time. If that view was shared by everybody, it would make life easier. Egypt had been triggered to make that statement by hearing some delegations suggest that, besides principles, they wanted to see specific measures, with some even saying they wanted to have WCO agreements like the Kyoto Convention as a starting point.

253. The representative of Paraguay noted that Trade Facilitation was extremely important to all Members, but especially to countries such as Paraguay, who faced obstacles and challenges that were more serious than others due to their particular geographic situation. Bolivia had already alluded to the special problems encountered by landlocked countries in that regard. For landlocked countries, seeking sustainable development and progress meant having to seek mechanisms to allow for their more efficient integration into the multilateral trading system. To that end, they needed technical assistance to improve their infrastructure, build capacity and attract foreign direct investment. In addition, special and differential treatment was fundamental to allow them to compete on the same level playing field in the multilateral system.

254. The Negotiating Group took note of the statements made.

C. *AD HOC* ATTENDANCE OF RELEVANT INTERNATIONAL ORGANIZATIONS, INCLUDING THE IMF, OECD, UNCTAD, WCO AND THE WORLD BANK, AT THE NEXT MEETING OF THE NEGOTIATING GROUP

255. The Chairman said that the Group's Work Plan provided for relevant international organizations to be invited on an *ad hoc* basis. The current meeting had underlined the benefits of having them on board.

256. He asked Members whether they would once again invite representatives of the IMF, OECD, UNCTAD, WCO and the World Bank to attend the Group's next meeting on such basis.

257. It was so agreed.

D. OTHER BUSINESS

258. The representative of Chile said that, since APEC was a forum in which a number of WTO Members participated and where a number of practices had been developed which could be useful for the negotiations, it would be useful to inform the Group of the part of a declaration APEC Ministers had adopted at a recent meeting that related to Trade Facilitation.

259. On 17 and 18 November in Santiago, APEC Ministers had met and had drawn up a joint declaration on a number aspects. One of those was to reaffirm their commitment to liberalization within the multilateral trading system. In that context, APEC Ministers welcomed the launching of negotiations on Trade Facilitation within the WTO. Ministers recognized the important role played by the issue of Trade Facilitation in order to maximize the benefits to be gained from the liberalization of markets. In that context, reference had been made to the vast experience of APEC in Trade Facilitation and the importance of sharing experiences with other Members of the WTO, taking into account the principle of special and differential treatment and the importance of introducing

multilateral rules to increase certainty, reducing costs and delays and improving the competitiveness in the trading conditions.

260. With regard to capacity building, Ministers reaffirmed the importance of promoting progress in the Doha Round of negotiations. They appealed for an improvement and an increase in efforts to help capacity building in developing countries, especially where it could be seen that APEC provided better added value. Trade facilitation was one of the areas where the Declaration contained commitments to organize seminars and workshops on the subject. Chile was committed to organizing a roundtable on Trade Facilitation in Geneva in the first months of 2005.

261. The Negotiating Group took note of the statement made.

262. The Chairman raised the issue of the Group's next meeting. Recalling the list of dates he had communicated to the Group at its last session, he suggested to hold it on the first days indicated therein, i.e. on 7 and 9 of February 2005.

263. It was so agreed.

264. The meeting was closed.
