

**Negotiating Group on Trade Facilitation**

**SUMMARY MINUTES OF THE MEETING**

Held in the Centre William Rappard  
on 25-26 July 2005

*Chairman: Mr. Muhamad Noor Yacob (Malaysia)*

1. The Chairman said that the main purpose of the meeting was two-fold: (i) to provide delegations with an opportunity to make contributions on the agenda of the Negotiating Group (NG) – both in terms of offering new input and of reacting to the contributions previously received, and (ii) to continue the dialogue on technical assistance and capacity building (TA&CB) as an area everybody considered to merit special attention. 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 Group on an ad hoc basis.
2. The agenda was adopted.
- A. CONTRIBUTIONS ON THE AGREED AGENDA OF THE NEGOTIATING GROUP
3. The representative of the Philippines, speaking on behalf of the Core Group, informed that with the recent accession of Nepal, the Group had grown to a total of 20 members from developing and least-developed countries from Africa, Asia and Latin America.
4. The Core Group agreed that the compilation of the proposals by the Secretariat circulated in TN/TF/W/43/Rev.1 could be a valuable working document for Members' work.
5. Given the vast number of proposals on the table, both Core Group (CG) and capital experts still needed a considerable amount of time to examine and – more importantly – to assess the merits of each of them.
6. The Core Group appreciated the Chair's repeated mentioning and encouragement that proposals would still be welcomed at any stage of the NGs work. That was an important matter to keep in mind.
7. The Core Group was grateful to the Secretariat for including in document TN/TF/W/43/Rev.1 the additional information on the main GATT Articles that the proposals attempted to cover and for the Secretariat note on Technical Assistance (TN/TF/W/54). In assessing the proposals, it was important that Members remained faithful to their mandate that limited work to clarifying and improving relevant aspects of GATT Articles V, VIII and X.
8. The Core Group also welcomed the new proposals and experience-sharing contributions by Members and wished to thank some of the proponents who had provided written responses to written questions by members of the Core Group. The Core Group believed that the written questions in JOB(05)/64 and 84 and the responses in JOB(05)/95, 102, 104, 111, 112 and 153 were also important

inputs to the progress of Members' work since they served to provide clarity to some concerns that members of the CG might have on those proposals. As part of that cooperative effort, CG members would continue to circulate their questions in writing. In that connection, the Core Group wished to draw attention to the latest questions from India and the Philippines in JOB(05)/154. The CG remained very grateful to Members for their written responses.

9. As Members looked towards preparations for the Hong Kong Ministerial, the Core Group believed that the NGs work after the summer break should continue with its constructive examination of all the proposals submitted or to be submitted, establishing clearer linkages to the essential aspects of technical and financial assistance that would concretely embody special and differential treatment (SDT) and the developmental dimension of trade facilitation. The Core Group also hoped that work would commence to arrive at a collective agreement/definition of what the objectives/goals should be for Hong Kong and beyond. The Core Group hoped that the work Members would do after the summer break would contribute constructively to ensuring a successful outcome for work at the Hong Kong Ministerial.

10. The representative of Japan said that the document circulated in TN/TF/W/53 was an explanatory note on pre-arrival examination, which Japan, Mongolia, Peru and Chinese Taipei proposed in document in TN/TF/W/17 for clarification and improvement of Article VIII. It was a follow-up to the first explanatory note on risk management that Japan had submitted at the June meeting of the NG. The note elaborated the pre-arrival examination regime and introduced the experience of Japan in implementing that regime, for example, as regards customs procedures. Japan believed that pre-arrival examination further expedited the release of cargoes through documentary examination prior to cargo arrival. That was, of course, without prejudice to the right of the authorities to conduct further examination where necessary and to maintain appropriate border control with the use of a risk management concept.

11. In general, importers were required to submit an import declaration to customs after cargoes arrived from foreign countries. Therefore, in principle, importers were unable to begin import procedures prior to the arrival of cargoes. To cope with such a situation in a flexible manner and to facilitate the legitimate flow of goods, a pre-arrival examination regime was established.

12. Pre-arrival examination allowed importers to submit a pre-arrival import declaration prior to the arrival of cargoes so that customs could conduct documentary examinations in advance. If the pursuance of legitimate policy objectives was not impeded, customs would notify the importers before the arrival of cargoes whether further examination or inspection was required. If no further examination or inspections were required, customs would then issue an import permit immediately after the formal declaration was presented upon the arrival of the cargoes.

13. The benefits of that regime had been widely recognized in relevant international organizations. For example, the WCO Revised Kyoto Convention required customs to introduce a pre-arrival examination regime.

14. In Japan, a pre-arrival examination regime had been introduced in 1991 to respond to the need of effectively coping with the increasing volume of trade with limited human and financial resources. That regime had become one of the major trade facilitation measures in Japan while at the same time maintaining adequate border control. In 2004, usage rates of pre-arrival examination were 28% for sea cargoes and 54.8% for air cargoes. Furthermore, the pre-arrival examination regime was being used in other trade procedures such as food sanitation, which demonstrated the merits of using such a regime as an effective measure for trade facilitation and appropriate border control.

15. Although the outline of the pre-arrival examination regime in Japan had already been explained in TN/TF/W/53, Japan wished to highlight the major characteristics of the regime. First,

although that regime could be used for all types of imported cargo, types of cargo that benefit most from that regime were those requiring quick processing. For example, fresh foods, cargoes under strict delivery and those with particular seasonal demand. Second, importers were required to submit pre-arrival declarations using the same form as for general import declarations together with the necessary supporting documents attached. However, those attachments could be omitted if they were deemed unnecessary at the time of pre-arrival declaration.

16. Third, customs would conduct a documentary examination after receipt of the pre-arrival declaration and would endeavour to complete the procedure by the scheduled date of the import declaration.

17. Fourth, customs would notify whether further examination or physical inspection of the cargo was necessary to the importer if such notification did not impede the legitimate policy objective. It went without saying, however, that customs had the discretion to conduct a physical examination after that notification, should the need arise. Lastly, importers would inform customs of their intention to request a formal import declaration upon arrival of cargoes with all deferred documents for submission, and customs would immediately provide an import permit as long as no further examination or inspection was required.

18. The availability of a pre-arrival examination had greatly contributed to expediting the movement of goods while maintaining appropriate border control, as shown in the annex of TN/TF/W/53. According to the 7<sup>th</sup> time release survey conducted in 2004 by the Japanese Ministry of Finance, the average time required from port entry to the release of goods in the case of cargo with the use of pre-arrival examination was 51.3 hours, which was 30% less than the time without the use of that regime.

19. As for the implementation cost of a pre-arrival examination, since the significance of introducing that regime was merely to change the timing of import declaration submissions, the regime could be implemented using existing facilities and resources, and use of IT was not a precondition for that regime. Therefore, it should not incur substantial costs. On the other hand, Japan believed that the benefits of introducing the measure far outweighed the cost of introduction as shown in the usage rate of the regime and the time required for release of cargoes using that regime.

20. While Japan believed that that regime could be introduced with minimal cost burden, Japan shared the concerns expressed by developing-country Members in terms of their implementation capacity. In recognition of such concerns, and of the merits that a pre-arrival examination regime could bring to expediting the movement of goods, Japan had been providing TA to developing-country officials in the area of customs procedures, including that of pre-arrival examination, and was willing to continue providing technical assistance in the field of trade facilitation.

21. The representative of Korea introduced Korea's submission on its post-clearance audit system, recalling that Korea had already expressed the importance of such a system as one of the means to facilitate trade in its proposal TN/TF/W/18. Korea now wished to elaborate on that issue in detail by submitting its experience paper on post-clearance audit (TN/TF/W/55) with the hope that it would enable Members to further understand how that system could be incorporated to facilitate trade.

22. In Korea, a post-clearance audit system had first been introduced in 1996 in order to cope with the rapid increase in the volume of imports and to expedite customs clearance procedures overall. Unlike pre-clearance audit, post-clearance was in essence meant to check the accuracy of the amount of duties and taxes paid by the importers after the clearance of the imported goods. Initially, a case-by-case audit system had been set up. Over time, it was supplemented with other new types of systems called "Planned Audit" and "Comprehensive Audit".

23. The three categories were the following: (i) Case-by-case audit. The Korean Customs Service examined, on a case-by-case basis, the correctness of the payment of duties and taxes of selected import cases, which were electronically stated by the Korean Customs Services' risk management method. It was mainly a paper-based audit; (ii) Planned audit. Korean Customs examined companies' import transaction patterns and items with a high risk of tax evasion. It was either a paper-based audit or an on-the-location audit; (iii) Comprehensive audit. This was initially a self-assessment audit system conducted by selected companies. Import cases that customs officials had selected as audit subjects were self-examined by those companies.

24. Nowadays, approximately 88% out of 4 million import declarations submitted each year went through post-clearance audit. As a result, there was not only a sharp decline in the time spent for customs clearance, but it also contributed to cost savings for both businesses and the government.

25. One of the most important purposes of introducing post-clearance audit in Korea was to accelerate customs clearance. Based on Korean Customs Services' experience, that audit system was one of the effective means to facilitate clearance procedure, which did not require significant investment in IT infrastructure, additional costs or additional manpower.

26. The representative of Singapore introduced Singapore's contribution (TN/TF/W/58), saying that GATT Article VIII imposed certain obligations on Members in relation to fees and charges imposed or in connection with importation and exportation. The Article also recognized the need for minimizing the incidence and complexity and export formalities, and for decreasing and simplifying import and export documentation requirements (Article VIII:1(c)).

27. Singapore's paper related to Article VIII:1(c). It provided a factual account of Singapore's experience on the adoption of a Single Window system based on an automated electronic data interchange (EDI) system known as the TradeNet®. The paper showed how TradeNet® had reduced excessive formalities and documentation requirements, and how it had facilitated the customs procedures for the timely movement and clearance of goods. The paper did not make any specific recommendation and was intended solely for Members' information.

28. As part of the overall objective of simplifying import and export formalities and requirements for traders, Singapore had instituted the TradeNet® in 1989. TradeNet® replaced the previous cumbersome paper-based procedures that traders had to follow to process their customs documents. It served as "the Single Window" for one-stop service clearance and release facilities through coordination among multiple agencies.

29. The system was consistent with the general principles in the World Customs Organization International Convention on the Simplification and Harmonization of Customs Procedures 1999 (Revised Kyoto Convention), by allowing for (i) modernizing customs procedures and practices and thus enhancing efficiency and effectiveness; (ii) the application of customs procedures and practices in a predictable, consistent and transparent manner; (iii) the implementation of relevant international standards; and (iv) the maximum practicable use of information technology, where it was cost-effective and efficient for customs authorities and for traders.

30. TradeNet® was first introduced on a trial basis with a group of 50 users. Currently, there were over 2,400 traders, shipping agents, freight forwarders, air cargo agents, etc., linked to TradeNet®. All permitted applications for imports and exports were processed electronically through TradeNet®. It processed about 20,000 applications on a daily basis. That translated to about 8 million applications a year. Information on TradeNet® and other operational details could be found in the paper. More information on the TradeNet® could be obtained from the website [www.tradenet.com.sg](http://www.tradenet.com.sg).

31. Benefits that had arisen from the TradeNet®, included: (i) an improved level of service to the trading community, and improved human resources management for both traders and agencies. In the paper-based environment, documents had to be physically delivered and collected. That could only be done during office hours. Using TradeNet®, documents could be transmitted and the approved permits received electronically, 24 hours a day. Furthermore, while previously it took between 2 and 7 days to obtain approval, now an application could be approved on average within 10 minutes; (ii) in addition to the elimination of voluminous paperwork – there had been an automatic electronic deduction of duties and taxes, which had resulted in an overall reduction in business costs for traders; and (iii) other benefits included more efficient customs control, which enhanced risk management (see e.g., TN/TF/W/47 from Singapore on risk management); uniform enforcement of customs legislation; and faster production of trade statistics.

32. In short, the institution of TradeNet® had resulted in a substantial and notable increase in the administrative and operational capacity, transparency and predictability of the operations of customs and other agencies, without compromising the key objectives of trade facilitation on the one hand and sufficient controls on the other.

33. While outlining Singapore's national experience in implementing a Single Window system via TradeNet®, Singapore recognized that LDCs and some developing countries might have difficulties implementing an EDI-based Single Window system such as TradeNet®. TradeNet® was one model of a Single Window system, and one of the tools which could be used to achieve the objectives of Article VIII. In sharing its experience, Singapore hoped to encourage discussion on possible approaches to Single Window systems as well as alternative means of achieving the same gains. Special and differential treatment (SDT) that took into account the different capacities of Members should, where necessary, be an integral part of any commitment in the area of Single Window systems. For example, Members might wish to discuss longer implementation time-frames for developing and least-developed countries, and other phased-in approaches. TA&CB measures would also be an important aspect of the implementation of a Single Window system.

34. The representative of Switzerland said that Switzerland appreciated the updated Secretariat compilation which would become an increasingly central document in Members' discussions after the summer break.

35. The experience papers by Japan, Korea and Singapore were useful. It was a good idea to have a written exchange of information on those experiences which would enable Members' experts in capitals to follow the debate on those areas. Switzerland wished to put forward a proposal regarding the effective integration of exchanges of experiences into the NG's general discussion. Starting with the Secretariat compendium as a thread in the discussions, it could be useful to have national experiences accompany a more in-depth discussion of the subject. It was important to have certain exchanges of views to come to an understanding while anchoring the discussions in reality.

36. As for Japan's paper on pre-arrival examinations, Switzerland had a similar system. Like Japan, Switzerland had also had a very positive experience using that type of procedure. If Switzerland understood well paragraphs 5 and 6 of the paper, the procedure described by Japan was a two-stage one. First, there was a pre-arrival declaration, and a formal customs declaration at the time that the goods physically arrived. In Switzerland, the procedure was even simpler. With a pre-arrival statement, and when verification of the actual goods was not required, there was no need for a second presentation of a customs declaration.

37. Switzerland also wished to raise a point about paragraph 7 saying that Japanese customs administration, during implementation, took account of 3.25 of the General Annex of the Revised Kyoto Convention. For a number of years, Switzerland had been using those procedures in

Switzerland, and given the good experiences that it had gained with its application, Switzerland could only support and recommend such procedure.

38. As for Singapore's paper, Singapore had implemented something that many Members could only dream about. What was interesting in that contribution was that paragraph 8 illustrated well that one could gradually introduce a Single Window and that it did not necessarily need to cover all the procedures at the outset. Switzerland had been working for some time to accomplish that objective which it hoped to have achieved by mid-2006. All of the existing clearance forms were gradually replaced by a single automated clearance system. Switzerland sought additional information from Singapore as to how they had incorporated other agencies into their Single Windows, such as the veterinary services.

39. Switzerland also appreciated Korea's paper. Switzerland had had positive experiences with the post-clearance audit systems.

40. The representative of Chinese Taipei said that the national experiences shared by Japan, Korea and Singapore were very useful and helpful to understand customs measures. Chinese Taipei's own customs authority had been implementing pre-arrival regimes since 1997 and a post-clearance audit regime since 2000. The regulations and procedures had had to be modified as and when necessary within Chinese Taipei's customs system. Chinese Taipei's experience had shown that the implementation of best measures in the customs system could significantly improve the efficiency of customs clearance.

41. To help Members better understand customs regimes, it would be appreciated if answers could be provided to the following questions: (1) how long did it take for the customs authority to notify the importer to contact the audit for imported goods; (2) how much time was granted for implementing the post-clearance audit; and (3) was the post-clearance system also applied to export declaration?

42. Japan's submission, on page 2, paragraph 8, mentioned that the usage rates of pre-arrival examination in Japan were 28% and 54.8% for sea cargoes and air cargoes. Chinese Taipei wondered why the rate for sea cargo was lower than the one for air cargo.

43. The representative of Peru said that while Singapore's experience seemed extremely interesting. It was an elaborate system for some countries. However, in Peru, the Single Window system was being developed as well as a system of tele-clearance via the Internet. The procedures had been systematized based on Internet registration.

44. Japan's document was very didactic and presented a very important national experience. It helped Members understand in practical terms the pre-arrival system. Peru wished to express its support for that system as an important TF measure, which both the developed and developing countries could use. As Japan had pointed out, it did not necessarily require the incorporation of new IT equipment, even though it was in fact desirable so as to obtain the full benefits of the system for the examination of goods prior to their arrival.

45. In Peru, as a general rule, legislation prescribed that a goods declaration would only be accepted for processing if the goods were on customs territory. An exception would, however, be made in the case of goods subject to the "Advance System for Customs Clearance and Urgent Clearances". The Advance System for Customs Clearance allowed the work of processing the declaration to begin prior to the arrival of the goods on the customs territory. Natural or legal persons who availed themselves of the system had the right to transport the goods directly to their warehouses. Following the arrival of the goods, the declaration must be regularized with the customs authorities.

To avail themselves of the Advanced System for Customs Clearance, the beneficiaries must fulfil certain requirements.

46. The clearance of urgent shipments enabled the work of processing the declaration to begin prior to the arrival of the goods on the customs territory provided that the goods in question were by their very nature aid or emergency shipments. However, on the arrival of the goods the declaration must be regularized in the same way with the customs authorities.

47. The representative of Sri Lanka said that the national experience papers were useful. Sri Lanka wished to share its experience on the subject of pre-arrival examination in response to Japan's proposal, since there were similarities. He was able to make that input due to the fact that he had received real-time input from his capital from a group established as a direct result of a workshop held in Colombo the previous month in collaboration with the World Bank.

48. Sri Lanka Customs had successfully introduced the examination of pre-arrival declarations submitted manually to expedite the express cargo consignments released through a clearance centre operated by a leading courier company. The company had provided the necessary infrastructure facility, including X-ray machines, for screening of parcels being cleared without physical examinations and Customs held a cash deposit of the company as a security guarantee. The procedure adopted for clearance of express cargo at that centre was similar in several aspects to Japan's proposal in TN/TF/W/53.

49. Under the existing procedure, a company submitted an Import Declaration together with a copy of the Cargo Manifest and copy of the Air Way Bill to the Customs prior to arrival of cargo. The time of declaration would depend on the receipt of on-line information by the company from the principals.

50. The customs staff examined the documents on a risk analysis basis and selected parcels for physical examination. When the goods arrived at the clearance centre in customs' bonded carriers, the company staff, under the supervision of customs, sorted out the parcels which needed to be examined and released without examination. Once the customs declaration was warranted for payment after selectivity for examination, the data would be captured electronically and on-line payment would be made. The customs staff randomly screened the parcel selected for releasing without examination through the X-ray machine and permitted clearance. The documents were also subject to post auditing.

51. With the implementation of pre-arrival documentary examination, approximately 85% of parcels which required urgent clearance could be released within one-and-half hours from the time of arrival of consignments.

52. The expectation had been to adopt the system for the regime of general cargo of several categories. The main constraint Sri Lanka experienced was to bring about a pre-arrival examination system, since the majority of shipping agents were not in a position to forward cargo manifests to the Customs in advance. It was necessary to get that requirement fulfilled through the shipping agent to effectively adapt the system.

53. In that context, Sri Lanka sought clarification from the Japanese delegation as to at what stage the delivery order was submitted to the customs and what clearance documents were warranted to accept payments under that procedure.

54. Under the existing regulations in Sri Lanka, the tariff and rate of exchange were applicable for assessment of fiscal levies as at the date of submission of declaration to the Customs. Therefore, a

time period had to be determined for pre-arrival declaration in order to refrain from revenue implication issues.

55. In principle, Sri Lanka agreed to extend the pre-arrival documentary examination facility for general cargo, too, except for specified categories of goods with the necessary assistance from relevant organizations or supporting countries to put the system into practice effectively.

56. The representative of Panama said that Panama had in place a Single Window system which had been functioning for more than 15 years. Panama wished to put several questions to Singapore relating to how one could analyze and strengthen the Single Window system; in particular, as follows: (1) Was Singapore's system centralized or regional and divided into different geographical regions?; (2) Did Singapore require support from a specialized international body with regard to customs procedures?; and (3) how much time had Singapore needed to set up the TradeNet® and had it been set up in stages?

57. The representative of Egypt raised a question regarding Korea's paper (TN/TF/W/55) on post-clearance audit. Paragraph 12 of the paper indicated that from 2001 to 2004, additional revenues related to detection of tax evasions increased almost five times from US\$100 million to US\$480 million. Egypt wished to have an explanation for that increase. Was it related to a more efficient or a different way of implementing post-audit clearance?

58. The representative of the European Communities said that the revised compilation document could, indeed, be a valuable working document on which to base the NG's preparations for its report for the Hong Kong Ministerial. The European Communities hoped that it would be kept up to date and that, in the autumn, one could find a way to review it and even make it shorter rather than longer.

59. With respect to the submissions from Japan, Korea and Singapore, the EC considered it useful to also circulate, in addition to specific proposals on TF commitments, those kinds of explanatory papers which explained how, in practice, certain trade facilitation measures operated, their benefits, their cost, and other implications. That would help to improve Members' understanding about the nature of those provisions.

60. The European Communities certainly agreed with Korea that auditing systems for payments of customs duties were a very efficient means of facilitation both for traders and governments. Auditing systems were a very efficient way of doing calculations, more efficient than doing it on an individual consignment basis, and also a very good means to reward compliant traders with a faster system for goods release. The EC shared the question that Egypt put to Korea. The EC would also like to know exactly what accounted for the very large increase in revenue collection in the period referred to by Korea. Furthermore, the EC wondered what that represented as a percentage of Korea's total revenue collection.

61. As for the Japanese paper on pre-arrival processing, the European Communities thought that pre-arrival processing was one of the most significant TF measures that could be introduced. A number of delegations, including Chinese Taipei, Peru, Mongolia, Korea, the European Communities, Turkey, and others, had already made proposals on that matter. The EC saw that as a measure of transparency and predictability, comparable to advance ruling systems, but also as a measure of facilitation. For the EC, the real benefit of pre-arrival processing was that it reduced the time taken for goods to be released from customs control since, instead of carrying out all the documentary examination processing upon the arrival of the goods, the examination could be carried out while the cargo was on route, or even before shipment. The European Communities believed that it was particularly useful for consignments which were time-sensitive, such as foodstuffs, or just-in-time express shipments. The European Communities noted that, as demonstrated by Japan in its paper, pre-arrival processing was as useful for small companies as it was for large companies and was a

measure that could be introduced with or without automated procedures. That observation was important as it should allay concerns of some countries that that form of facilitation technique was only possible on the basis of automation, which was obviously not the case. Some Members had expressed concerns about possible cost implications, or the burden of those methods. But, as Sri Lanka had mentioned, pre-arrival processing was already in existence in a wide range of countries.

62. In that context, the EC wished to draw the NG's attention to an interesting report by the Global Express Association, a federation of the express carriers, which had surveyed the extent to which pre-arrival processing of the kind described by Japan was actually in operation around the world. The report showed that there was a very large number of countries already using it, including, for example, Bangladesh, China, India, Indonesia, Jamaica, Malaysia, Mauritius, Nigeria, Sri Lanka, and Uganda, which demonstrated that there was no particular difficulty from a development point of view for Members to introduce pre-arrival processing. The report suggested that there was no correlation between using that facilitation method and levels of development, or size of economy or geographical region, or any other parameter.

63. As for Singapore's paper on its TradeNet® system, a number of Members had already proposed the introduction of such a system, a Single Window for the submission of documentation needed for import and export. Obviously, that "one-stop shop" idea was a major facilitation measure because it saved traders from having to separately submit documents or data to a number of different agencies. Not every delegation was as organized or sophisticated as Singapore, and some Members had expressed concerns about how easy it would be for all of them to introduce that kind of "one-stop shop" system. But, as Singapore had suggested, it could be introduced on a progressive basis and progressively applied to different forms of customs operation. The fact that the Single Window system could be applied progressively to cover a larger proportion of customs operations was, in part, an answer to the questions raised by delegations about the ease or difficulty of introducing that type of system.

64. The representative of Jamaica said that the revised Secretariat compilation would be useful in developing a sort of inventory of proposed measures, making it easier to cross-reference what was being done in Member states to allow for a better value added in the negotiations.

65. Jamaica wished to make a few comments on the submission by Japan. For the most part, the nature and scope of Japan's formalities for pre-arrival examination was consistent with those carried out in Jamaica. In paragraph 4, it was noted that customs might conduct documentary and/or physical inspections of the declared cargo, if necessary. From Jamaica's point of view, physical examinations would always be a requirement of the customs department in order to facilitate effective controls while at the same time facilitating trade. However, in the case of "authorized traders" on the programme called selective import and importation system (SIIS), that requirement might be waived.

66. On paragraph 13, Jamaica wished to note that Jamaican customs required a submission at least ten days prior to arrival of the consignment. It was noted in paragraph 15 that, for Japan, importers were notified about the necessity for physical inspection prior to the scheduled date. In Jamaica's case, traders were not advised beforehand of customs intentions to waive the physical examination requirement. In paragraph 16 on the import declaration, once the entry had been accepted and passed by customs, there was no further requirement by the invoice branch of the customs department for the submission of documents. Like Japan, Jamaica saw it as important for trade facilitation for the facility of pre-arrival examination to be available to those importers who needed their cargo right away, in which case the facility provided a so-called just-in-time effect.

67. The representative of Singapore replied to questions raised about Singapore's paper. First, it should be noted that, as highlighted in the introduction to the paper, the document was an experience paper. The paper recognized the difficulties that LDCs and some developing countries might have in

implementing a system like TradeNet®. Singapore had also emphasized that TradeNet® was just one tool for achieving the objectives of a Single Window system.

68. As for the question raised by Switzerland, TradeNet® was linked up with all the relevant agencies dealing with importation and exportation of goods, including SPS measures. The TradeNet® system had facilitated trade. However, it had not prejudiced customs control. On the contrary, it had enhanced efficient customs control. As highlighted in Singapore's previous paper (TN/TF/W/47) Singapore employed risk-management techniques at the border to concentrate on high risk goods.

69. With respect to the question raised by Panama as to whether the system was centralized, Singapore wished to recall that Singapore was rather a small country. Therefore, it was a centralized system. The question as to whether support was received from other agencies would be answered in due course. As for the question about how long it had taken to set up the system, Singapore wished to inform that a multi-agency committee had been set up in December 1986. After some internal coordination and discussion, the system was instituted in January 1989. Basically, it had taken about two years to institute Trade Net. However, Trade Net itself had been implemented in stages. First, the system only processed applications for items that were not controlled or that were not subject to duty. Later, it extended to control items such as food and medicine. It was an evolving system and had been implemented in stages.

70. The representative of Korea welcomed Japan's experience paper on their pre-arrival examination system which well illustrated how pre-arrival examination could work to facilitate clearance procedures.

71. Korea had had a similar system in place since 1995. As had been well described by Japan, that system did not necessarily carry an overly additional burden in order to be introduced in one's customs clearance system.

72. In Korea, the pre-arrival examination system was mostly used in importation by air that required expeditious clearance or importation from close distances, for instance, China or Japan. Perhaps the only significant difference between Japan and Korea in terms of a pre-arrival examination system was that, unlike Japan, where customs would issue an import permit immediately after the formal import declaration was presented upon arrival of the cargoes, in Korea, once pre-arrival import declaration documents were examined by customs and provided that they met Korea's pre-arrival examination standard, the "import acceptance permit" was immediately issued "even prior to" the arrival of the cargoes for further expediting importation procedures.

73. Korea believed that the pre-arrival examination system, along with other useful systems introduced through many proposals by Members, was one of the useful studying tools which could be considered and adopted as Trade Facilitation rules to elevate one's customs clearance process.

74. With respect to Singapore's paper, Korea shared the view on the usefulness of a Single Window. Korea was also considering the implementation of a Single Window through its domestic authorities. It was not fully implemented yet. Singapore's paper encouraged Korea to expedite domestic procedures in that regard.

75. With respect to the questions on Korea's paper by Chinese Taipei, Korea wished to reply that there was no legal duration of the reporting on the imported goods. But Korea was expecting the importers to report within a reasonable period of time on their imports. Then, Korea's customs authorities examined those import cases within a certain period of time. For example, the planned audit normally took 10 days, while the comprehensive audit system required almost twice as much time, about 20 days. Theoretically, the maximum period in which to conduct the examination was

2 years. However, if more than 2 years had passed, there was no obligation for the importers to report with the Korean Air Customs authorities having no right to request any examination on that importation.

76. Regarding the third question on whether the system was also applied to the exporter declaration, Korea wished to inform that its customs authorities had no right to contact the exporters directly. If Korea's authorities sought any additional information on an importation, they would request it through the importers. Therefore, the audit system did not directly apply to export declarations.

77. With respect to the questions from Egypt and the EC on the reasons for the rapid increase in revenue from 2001 to 2004 when introducing the audit system, Korea wished to inform that it had introduced the system in 1996, with the planned audit and the comprehensive audit having been supplemented as of 2001. By introducing the planned audit and comprehensive audit, Korea had enforced its audit system through those means and, as a result, detected a rapid increase in violations. Korea did not aim for introducing the audit system for the prevention of tax evasion but for the facilitation of trade. Therefore, if over time, the self-assessment of the audit system was applied to more and more importations, experience showed the number of tax evasions by companies to decrease. As for the EC's question on the ratio of the tax collection to the total tax revenue, Korea wished to inform that it amounted only to a very small fraction of one or two per cent.

78. The representative of Japan said that the national experience papers by Korea and Singapore were very useful. Japan had adopted similar systems with respect to post-audit and Single Window systems, and much could be learnt from those experiences.

79. With respect to the comments received on Japan's proposal, Japan was encouraged by the feedback from developing countries which adopted similar systems, especially for air cargo. It was encouraging to hear that Japan's experience was shared even by developing countries with respect to the usefulness of pre-arrival declaration and examination.

80. As regards the question by Chinese Taipei about the usage rate of sea cargo and air cargo regarding the pre-arrival examination, Japan wished to inform that the importers of air cargoes were very sensitive to the quick release and delivery of goods. In the case of air cargo, the cargo was directly brought to Japan from the countries of origin. Traders and importers might obtain necessary information or documentation to submit pre-arrival declarations before arrival. But in the case of sea cargo, importers and traders were not sensitive to the quick delivery. Also, they might change destination or content of the vessels. Therefore, they could have some difficulties in preparing for the submission of all information and documents needed for the pre-examination and pre-arrival declaration. That might be the reason for the usage rate being substantively lower in the case of sea cargo compared to that of air cargo.

81. The representative of the United States briefly introduced the proposal jointly submitted by India and the United States (TN/TF/W/57). The paper set forth their joint proposal under the Trade Facilitation negotiating mandate to "aim at provisions for effective cooperation between customs or any other appropriate authorities on trade facilitation and customs compliance issues".

82. The challenges faced today by officials responsible for border regimes as well as by traders themselves operating in a global just-in-time economy brought about a true complementarity. The needs of facilitation actually demanded a broad array of tools "away from the border" for authorities to ensure compliance with applicable laws and regulations. Members had seen some of those articulated in proposals for new commitments reflecting improvement and clarification of GATT Article V, VIII and X.

83. The sponsors of the paper believed that there could be substantial benefits from achieving a mechanism that was practical, effective, and forward-looking, so that the mechanism would also work to promote cooperation and commonality of information requirements. In that regard, the proposal put forward the idea of building such a mechanism on the WCO's Customs Data Model.

84. The proposal was an invitation for Members to work together and create some new opportunities to improve facilitation and enhance tools used by authorities for ensuring compliance. Just as important, however, as the paper set out, were that the results in that area could be a ladder for bringing forward the border regimes of Members at all levels of development through the emergence of a virtual cooperation and information "network".

85. The India-US proposal put forward what the sponsors saw as the next steps to be undertaken towards meeting the mandate. There were many aspects to the issue of cooperation and information exchange, as the paper noted, and future submissions could be expected. It should be apparent – if only from the partnership behind that proposal – that there was a genuine need and interest in advancing on that element of the mandate rounding out the rest of the NG's work. The United States looked forward to that effort as the NG's work overall intensified.

86. The representative of India said that the revised compilation of the proposals would be an important document as Members moved towards a more intensive phase of the negotiations.

87. India was pleased to introduce the India-US paper on customs cooperation and fully supported the ideas expressed by the US when introducing the paper.

88. India noted that the joint paper was the first proposal on the third aim of the negotiations under Annex D modalities, whereas the other two aims of Annex D, combined together, had already attracted more than 50 proposals. India was pleased that the work on the third aim of negotiations had been started with that proposal.

89. India believed that Members' work in the NG would be incomplete if the issue of establishing a multilateral mechanism for exchange and handling of information between Members was not addressed.

90. Some of the important reasons for undertaking negotiations on trade facilitation, such as exponential growth of global trade and advancement of information technology, also afforded opportunities to look at enhanced compliance mechanisms. India believed that the current negotiations provided the right opportunity to give a multilateral under-pinning to the traditional bilateral method of cooperative information exchange. That would be in tune with Members' work on improving GATT Articles V, VIII and X. India strongly believed that an enhanced compliance system through such a cooperation mechanism would be another facet of trade facilitation. India also expected that a cooperation mechanism would have some additional, positive spin-offs such as the creation of an information "network" involving all Members.

91. The on-going negotiations presented an opportunity to evolve a cooperation mechanism for a broad universe of information categories, consisting of both trade transaction information and secondary information. However, India felt that it was best to approach the issue step by step and had therefore first focussed the discussions on a mechanism for exchanging trade transaction information, which essentially consisted of data elements relating to movement of goods across the border.

92. India was mindful that the outcome of the TF negotiations should not create any overly burdensome system or institution which a large number of WTO Members might find difficult to adopt. Hence, India's aim would be that such a mechanism should be practical and efficient. Therefore, that work could take into account the WCO's ongoing work on a Customs Data Model.

93. India believed that another crucial issue that would determine the efficacy of a cooperation mechanism was the issue of confidentiality in handling such information. India would address that issue in more detail as the negotiations progressed. India wished to suggest that the confidentiality barrier should not exist for such type of data which was available in the normal course of procedures to the customs authorities of importing and exporting countries. Similarly, Members had to be mindful that one of the improvements they were discussing for GATT Article X was to strengthen judicial appeal procedures. The cause of an enhanced judicial appeal system would definitely not be served by withholding normal trade transaction information which could be a crucial piece of evidence to bring a wrong-doer to justice. The paper suggested the next steps for evolving a multilateral mechanism for the exchange of information.

94. The representative of Paraguay recalled Paraguay's earlier stressing of the importance it attached to the channels for information exchange that allowed customs officials and others to have steady, effective and speedy exchange of information. That contributed to being more transparent, improve customs procedures and prevent the committing of offences. For those reasons, the US-India proposal to have networks for the exchange of commercial information was welcome, as were other proposals that would go into more detail on the envisaged mechanism.

95. The representative of Chinese Taipei welcomed the proposal from the US and India to establish a multilateral mechanism for the exchange and handling of information between Members. As everybody was aware, that exchange of information had been undertaken bilaterally in specific areas. When implementing measures such as advance ruling, pre-arrival clearance and post-clearance audit, Chinese Taipei agreed, in principle, that a multilateral mechanism for information exchange would enhance customs cooperation between Members. However, one had to be very careful to address the second category of confidential information.

96. Chinese Taipei sought answers to the following questions: (1) should a hub be established for Members to transfer that trade transition information? And (2) how did the mechanism handle the information and how did it use it? Chinese Taipei was interested in further discussing some other elements of such a mechanism, such as, for example, the possible use of information, communication technique and the potential development of international standards.

97. The representative of South Africa commented on the India-US paper, announcing South Africa's intention to co-sponsor the proposal. The drafters of Annex D had recognized that trade facilitation and compliance with customs procedures were interlinked and could be considered to be two sides of the same coin. In a perfect world, customs administrations' objectives would be to only facilitate trade and not to worry about enforcing control, as all traders would be compliant. Unfortunately, that was not the case. While South Africa acknowledged that the majority of traders and businesses were honest and very hard-working, one had to realize that there were those who were bent on committing criminal activities and who were not willing to comply with customs laws. Unless one had the necessary tools to combat such actions, countries would be deprived from reaping the full benefits that could be gained from trade facilitation.

98. South Africa saw the primary role of customs administrations as that of ensuring trade flows, by ensuring compliance with customs laws and procedures, and also other laws administered at borders. It was the way in which customs administrations discharged that responsibility that determined whether they facilitated or inhibited legitimate trade. Customs administrations were increasingly coming under pressure to contribute to the social-economic development by, on the one hand facilitating trade, and, on the other, preventing additional economies and societies against the threat poached, amongst others, by organized criminal syndicates and terrorists.

99. It was a common objective to promote trade that would enable development, especially in developing countries. That was, however, under threat from criminal elements. The customs

community was serious in responding to those challenges as was evident at the WCO Council meeting which had taken place in June 2005. For the first time, the WCO Council took a ground-breaking decision to approve a framework of standards to secure and facilitate global trade. Those standards would enable the seamless movement of goods through international trade supply chains, and to empower customs administrations to effectively ensure compliance. One of the cornerstones of those standards was to establish a real-time cooperation between customs administrations through advanced electronic transmission of customs data, enabling customs administrations to identify high-risk consignments prior to the arrival of goods. South Africa had joined more than one hundred other countries who formally indicated their intention to implement that framework by depositing their declaration of intent with the Secretary-General of the WCO.

100. The reasons that South Africa associated itself with that paper were the following: First, South Africa believed that the negotiations should not only strive to provide a balance between trade facilitation and compliance, but also to produce an agreement that would ensure maximum trade facilitation while also ensuring maximum compliance with the law. Those two objectives could be achieved at the same time.

101. Second, South Africa had always believed that the mention in the July Package of giving due account to the WCO was very important in ensuring that Members took full advantage of already developed tools in order not to re-invent the wheel by developing similar tools. The proposal was consistent with South Africa's thinking as it also referred to WCO instruments.

102. Third, South Africa believed that the exchange of both categories of information, as indicated in the paper, would go a long way in addressing fundamental issues faced by all customs administrations, developed and developing alike. Some of the benefits included the following: the ability of countries to conduct risk assessment, to effectively deal with higher risk cargo; and the ability of countries to ensure a smoother and much faster movement of low-risk consignments, thus enhancing the facilitation of trade.

103. Looking at the key findings on benefits of trade facilitation, words such as increased revenue for customs, increase in investments, and economic growth, were seldom left out. It was clear that whatever benefit a country could reap from the facilitation of trade, those could be easily subtracted by illegal activities. Rogue traders and organized criminal syndicates also exploited the international supply chain through the evasion and avoidance of duties and taxes, the smuggling of goods and money laundering and trade in counterfeit goods. Those activities threatened national economic security.

104. Members had to ensure that the benefits that countries were looking for were not eroded by such threats. The goals should be to give maximum facilitation to legitimate traders on the one hand, and inhibit and disrupt illegitimate and criminal elements on the other. That proposal offered the opportunity to do just that by establishing a multilateral mechanism for information exchange.

105. The representative of Switzerland said that Switzerland had understood the India-US paper to lean on two categories of information: trade transactions and specific cases linked to investigations. The submission dealt with the first category. Switzerland would be interested in having further explanation on the mechanism described. The question of confidentiality of information would be a key element in the discussion. Furthermore, Switzerland wished to underscore that its industry had insisted that WTO negotiations should serve to prepare disciplines that would lead to a drastic reduction of information required for the clearance of goods. Different authorities should have a strict minimum of information necessary for clearance. They had expressed concern that, in some cases, there was no confidentiality of information, with the information not only strictly used for clearance but for other purposes. However, further discussions were welcome.

106. The representative of Singapore had two comments on the India-US paper. First, as identified in paragraph 8 of that paper, confidentiality was an important issue that had to be addressed. Singapore, like most countries, had confidentiality provisions in its legislation to protect confidential business information submitted to the government. Those rules were necessary to allow businesses to operate in a cooperative environment and to prevent business information from being divulged to unauthorized persons, as well as to maintain traders' confidence in the government agencies. That was a sensitive issue. Nonetheless, Singapore would endeavour to cooperate and render assistance whenever it was permissible under its legislation.

107. Second, in exploring the possibility of implementing the WCO Customs Data Model to define the universe of trade transaction information, it might be necessary to consider the position of Members which might be operating one-stop Single Window systems such as Trade Net, whereby traders just had to submit one trade declaration, wire and EDI system for processing by all relevant agencies. That Single Window incorporated all the data requirements of all controlling agencies. Therefore, it was possible that the data sets handled by Members operating Single Window systems could be different from the data sets required by authorities that might be operating on the two-step processing system highlighted in that paper.

108. The representative of the European Communities welcomed the notion that Members should try to develop a multilateral platform for cooperation between customs authorities in the negotiations. A number of proposals had already been made on customs cooperation at the border in the context of transit regimes. The India-US proposal took that a step further in proposing a different form of cooperation between customs concerning the exchange of data.

109. The EC noted that the paper referred to the importance of bilateral arrangements between customs administrations. That element would continue to be important in any future commitments or approaches to customs cooperation. The EC also recognized the case for developing some multilateral arrangements as well and welcomed the reference to the WCO Customs Data Model. The paper was in a sense suggesting that that could constitute some form of generally accepted internationally used standard. The EC also shared the point made by others on the question of confidentiality of information. That was certainly important and an issue which would have to be looked at in the future, as and when that proposed mechanism was developed further.

110. The EC had some specific questions regarding the proposal. First, it suggested that information exchange between customs could be part of supporting behind-the-border modern customs procedures, such as advance rulings or pre-arrival processing of information. It was not very clear to the Communities why one would need to have a government mechanism of exchange of information in order to implement what were in fact business-to-government operations. Pre-arrival processing of data and advance rulings were the product of a relationship between the trader and the customs. It was therefore not clear why one would need government information mechanisms to support those kinds of trading interests. Clarification was therefore sought on that point.

111. Second, the proposal suggested that one could use data generated at export for the purpose of import clearance. In other words, the export data would actually replace data collected at import with the result of one therefore having only one set of data as opposed to two. The EC wondered whether that was actually part of the thinking behind that proposal.

112. More precision was further sought as to what the proposed mechanism would actually be and how it would look. The proposal did not really go into any specifics on the mechanism. Lastly, the EC would be interested to have further explanation as to which specific issues that mechanism would be designed to address or solve. The paper was not very explicit about what sort of problems that kind of mechanism for information exchange was designed to solve.

113. The representative of Colombia said that the India-US proposal to improve cooperation between customs authorities was important. It was important to implement a compatible information system so as to exchange information between parties, taking as a basis the WCO Customs Data Model. Colombia was attentive to the developments that would take place, taking into consideration the measures proposed in the India/US proposal. The exchange that had taken place would help to continue developing that mechanism whose general lines had been presented.

114. Colombia also agreed with other delegations on the need to pay special attention to the treatment of confidentiality of information. That was critical. If Members wanted to safeguard and manage properly confidential information, they had to have appropriate systems that would help in their work on both customs control and trade facilitation.

115. The representative of Jamaica said that the establishment of mechanisms for the exchange and handling of information was an area which Jamaica had incorporated in its customs reform and modernization programme. As such, customs cooperation, particularly through information exchange, was pursued actively by Jamaica with its main trading partners. A number of information-sharing arrangements were being pursued. Jamaica could therefore support the establishment of that mechanism as an outcome of the trade facilitation negotiations.

116. More information was sought on the scope of the elements which would be binding, as well as on those which would be non-binding or applied on a best-endeavour basis. Jamaica also wished to ensure that there was a streamlining of the cases where cooperation would take place. In so doing, one would take account of the very important issue raised in the proposal in respect of the principle of confidentiality in handling information. It would also provide a certain degree of predictability of the types of requests that could be made as well as the conditions under which cooperation would take place. In terms of the procedural elements of cooperation, Jamaica would propose that an assessment of existing systems be done so as to avoid duplication. Furthermore, TA for information sharing and networking, both with agencies and cross agencies, would be a priority in that context.

117. The representative of Romania said that both the Chair's TNC report and the Secretariat's compilation reflected accurately the work done in the NG and showed the way forward. Romania welcomed the paper by India and the US which highlighted an important aspect of what the rules on trade facilitation might include. Cooperation between customs authorities was crucial in many cases. Romania's experience had shown that bilateral agreements constituted today's way of solving those matters. Romania would ask the proponents to further clarify how the mechanism might look. The paper noted that it would be in full compliance with the WCO Customs Data Model, but Romania wondered whether the sponsors of the paper envisaged replacing the actual bilateral agreements among customs authorities with a new multilateral one. Clarification was also sought on the scope of the information exchange the mechanism would provide. Romania also attached great importance to the confidentiality of the information to be exchanged between customs authorities and had very pertinent and very strict legislation on how to treat confidential information.

118. The representative of Mauritius said that Mauritius supported the joint proposal by India and the US for cooperation between customs authorities on trade facilitation and customs compliance issues. That would indeed be a positive step in expediting trade flows and enhanced transparency. Mauritius also welcomed the proposal to set up a multilateral mechanism. Mauritius was, however, concerned, as had also been expressed by other delegates, about confidentiality aspects. Further clarification on that matter would therefore be appreciated.

119. The representative of China said that the Secretariat's updated compilation was very important and could be taken as the basis for the future negotiating process.

120. Exchange of information was a long-pending issue, already discussed in several other fora, including the WTO Committee on Customs Valuation and the relevant committees in the WCO. However, the practical obstacles remained unsolved in many countries. As referred to in the paper by the US and India, major difficulties were confidentiality matters, the incompatibility in the IT systems under the data definitions, the overburden of work for the customs of exporting Members, and the uncertainty of the legal status of the information provided by the customs of exporting Members to be handled by the customs of importing Members. However, the launch of trade facilitation negotiations under the framework of standards for security and facilitation of global trade which was newly adopted at the annual conference of the WCO opened a very important opportunity to discuss that issue further and within a broader and more intensive framework. China agreed with the proponents that all Members should work together with the cooperation from other relevant international organizations. Members should be more creative during that process to find out a possible way to address all those obstacles. China was ready to discuss that issue in the future negotiating process.

121. The representative of Japan appreciated the work by the US and India and agreed on the importance of customs cooperation, which would contribute to due customs controls. While Japan understood the importance of information exchange, it also shared the concerns expressed by other Members with respect to confidentiality issues. In particular, the Japanese legislation imposed strict constraints with respect to the provision of information to other countries. It also had to be taken into account that Members had different legal and judicial systems. Therefore, one had to take into full consideration confidentiality aspects in developing the India-US proposal. The issue would become much more important when Members discussed multilateral systems, not with respect to a bilateral agreement, but with respect to information exchange. That would have to be discussed further.

122. The representative of Australia recognized that cooperation between customs authorities was the third objective of the July Framework mandate that welcomed the launch of discussions to advance that objective through the India-US proposal. Australia wished to highlight three points in a preliminary reaction to the proposal.

123. First, as for several other Members, confidentiality was an important issue for Australia. Australian businesses did provide commercial information to customs authorities, in confidence, and were sensitive to the way in which that information was managed and handled by customs. That was an issue that Members had to look at closely as they moved forward on that proposal. Second, Australia noted the intention to build on work of the WCO in that area and would be looking closely at precisely how that WCO work could be translated into the WTO environment. There could be many ways in which that could unfold. Third, Australia noted that the information that could potentially be covered by category I of the proposal would potentially involve a huge volume of transactions, presumably import and export data between developed and developing countries. Clearly, one was looking at a two-way flow of information here, and one would need to consider the extent of the administrative burden that that might impose, notwithstanding the obvious ability to make use of IT technology. Australia was willing to further discuss the details of the submission and looked forward to further proposals on the matter.

124. The representative of Pakistan said that, with respect to the India-US proposal, Members had already agreed in the July Framework that any agreement on Trade Facilitation would aim for effective cooperation between customs. Pakistan agreed with the sponsors of the paper that Members should establish a practical and effective commitment pertaining to (i) a defined universe of information; (ii) a practical basis for exchange that was efficient and not burdensome; and (iii) a forward-looking exchange of information.

125. With respect to the question of confidentiality, Pakistan agreed that one had to address that matter. However, one had to be careful not to use that concept for a one-way flow of information. In the past, there had been much agreement between developing countries, and also through the WCO,

and that sharing of customs information was mostly serving the interests of developed countries, such as, for example, with respect to the information flow about drugs, etc. But when developing countries wanted any information on valuation or similar matters, that request was often refused on confidentiality grounds. Therefore, anything Members built up should be bilateral and in the interests of both sides. Pakistan looked forward to seeing a further build-up on the US-India proposal.

126. The representative of Korea said that Korea welcomed the India-US paper on a mechanism for information exchange. Korea did not deny the usefulness of such a mechanism for information sharing which would help Members to proceed and share important information among customs authorities. In that respect, Korea welcomed the consideration of that mechanism for information exchange.

127. At the same time, Korea also had some concerns and reservations, like other Members, on what kind of differentiation was to be made between the first and second category of types of information. That should be further developed. That was also closely related to the matter of the multilateral or bilateral mechanism for those different types of information. Also, one had to think about whether some regulations or agreements were subject to obligations on an obligatory or voluntary basis, and to what extent. Another point already mentioned by Japan was that there were very different legal bases depending on each country and how those mechanisms could be incorporated as a rule. Korea shared the views regarding confidentiality and usefulness of that mechanism and the compatibility between the two of them. Those concerns should be further elaborated.

128. The representative of Brazil said that the US-India proposal was a good one that pointed in a new direction. It was the first proposal on the issue of exchange of information defined as part of the NG's mandate in Annex D. One did not yet know the details of that multilateral mechanism on information exchange. While agreeing on the relevance of the matter, Brazil agreed with Pakistan on some of the concerns raised. Confidentiality was definitely an important issue, but it should not prevent countries from having access to important information. Therefore, whatever one did to preserve confidentiality had to be done in a way that did not prevent countries from having access to information they needed. That should be important from their perspective as importing countries and as trade partners.

129. The representative of Egypt said that, while specific instructions had not yet been received from his capital on the India-US paper, the issue of exchange and handling of information between Members had already been discussed, albeit in a different context and framework, in the Committee on Customs Valuation, where the matter had been taken up as an implementation issue. At that time, the instruction had been to support that mechanism of information. Therefore, until having any further instructions, Egypt was generally supportive of that kind of mechanism.

130. The representative of Peru said that, on first impression, the India-US paper was very interesting. Peru favoured all mechanisms for an exchange of information. It had to be both open and transparent. Peru shared some of the concerns that had been expressed by a number of delegations regarding the issue of confidentiality, and also on transparency, as mentioned by Pakistan. Peru wished to see the further development of the paper.

131. The representative of the United States wished to respond to some of the points made on the India-US proposal. South Africa's comments were appreciated. The issue of information exchange had already been discussed previously in the WTO. The US position had been different from the Egyptian one at that time. What had changed was that there was now an opportunity to make one's own context. There was a clean slate. That had also come up in other proposals. The advantage Members had in the negotiations was that they could look at issues anew and forge ahead.

132. With respect to the questions raised by the EC, the US wished to correct certain impressions. The examples of advance rulings and pre-arrival information had not been given as elements that would be assisted by such a mechanism. Rather, they had been referred to as examples to underscore the importance of information that was used away from the border. Customs was not just about visual inspection anymore. The point had been to give examples of the importance of functions away from the border with the nexus being that, what was being proposed would be yet another tool to assist the performance of such functions away from the border. The intention had not been to suggest that there was a direct link of the function of cooperation with, for instance, issuing binding rulings.

133. As for the EC's second question of whether the proposal put forward a notion suggesting that data at exportation replaced that at importation, the US wished to clarify that that was not what had been suggested. The United States had done some work on that particular issue in the past, both with its neighbours to the north as well as with the United Kingdom customs administrations, but, certainly, that was not specifically provided for in the paper. It might be an intriguing element to look into, as the negotiations proceeded, but he could not say that that had been on his delegation's mind when submitting the paper. The US would, however, invite the EC to advance such a notion.

134. With respect to the third EC question about what the mechanism would look like, the only answer the US could give was: "let's see". That was going to be up to Members. The submission was intended to give some shape as to how to approach that element of the negotiating mandate. Confidentiality, for example, certainly had to be addressed, as well as efficiency.

135. As for the EC's fourth question, seeking an explanation of problems, the US was a little confused. In the United States, the customs administration liked to say that they were responsible for implementing and administering four hundred laws on behalf of forty agencies. The US was sure that each customs administration in the individual EC member States was in a similar situation as well. Therefore, overall, the proposal should not be taken as anything except a way forward, a beginning. It had taken five decades for the United States and India to put forward a joint proposal. That should not be underestimated, as well as the fact that the US and India were both cognizant and well-schooled in the issues referred to. Both shared the interest in the fact that there was promise for a significant result, as well as the notion that the issues presented were in fact submultiple. Members had a chance to come in with some results that had benefits on many levels. The US was most anxious to move forward on that issue.

136. The representative of India said that India was pleased with the process that had been started with the US and was looking forward to continuing it. Most of the questions raised on their joint submission had already been addressed in a preliminary way by the US. India saw that as a beginning, and noted that there was interest in knowing how that mechanism would work. It was an issue Members had to work on further.

137. India was thankful to South Africa for co-sponsoring the paper. Some of the concerns that had been expressed by them should also go to answer the EC's last question as to what kind of issues that cooperation mechanism was meant to address. India looked at that mechanism as a means to address issues concerning the violations of customs laws. The Indian delegation fully supported Pakistan's observation that the mechanism should be such that it had an internal balance as well regarding the exchange of information which would include information of use to countries where customs revenue was still an important part of fiscal resources. As a result, one would need information which helped to combat customs revenue frauds.

138. Confidentiality was clearly important. But one had to carefully consider whether it was meant to block information which, in any case, had to be shared by the business with the exporting country as well as the importing country. That was the very important touchstone that one had to see with respect to confidentiality. The second matter was whether it was blocked to be used from the

judicial processes, which was, in some way, the end result of any process of an investigation relating to compliance issues.

139. The representative of El Salvador referred to two contributions presented during the June meeting by China and Korea, and by Japan relating to risk management (TN/TF/W/42 and TN/TF/W/49, respectively). They had given useful insight into the experiences applied by other Members. Currently, and given the important progress that had been made in risk management, El Salvador had been carrying out procedures similar to the ones referred to in the submissions. The only difference was that, in the case of other experiences cited, they used tools and systems that were more sophisticated and advanced. That highlighted the importance of TA and support for CB which could be offered to countries such as El Salvador to strengthen the administration of risk management. Risk management in El Salvador aimed at facilitating trade without losing control. Measures adopted to that end included, in phase one, pre-arrival control measures, the study of goods that were prohibited, restricted or withheld, the analysis of goods susceptible to tax evasion, classification of importers according to the frequency of non compliance with current customs legislation, selectivity of products likely to be poorly classified from a tariff point of view, tariff classification of goods, origin of goods, and evaluation of goods. In phase two, measures applied included franchises and samples without commercial value, control of importers who made use of special regimes as well as control of importers based on results obtained in phase one. Phase three involved feedback.

140. Paragraph 3 of TN/TF/W/49 pointed out that in keeping with the method of risk management, commodities and traders could be classified in different categories in accordance with its number of standards. El Salvador wished to know more about those standards, which were applied to classify basic products or commodities and traders, and to know what was meant by "basic product or commodity" in that context. Regarding the levels of risk in classifying goods and traders, El Salvador wished to know what treatment was given to each of those groups.

141. With regard to the explanatory note presented by Japan in document TN/TF/W/42, paragraph 7 mentioned the application of different trade facilitation measures to ensure the legitimate movement of goods and the adoption of necessary measures against illicit transactions or the movement of illicit goods through simplified declaration procedures, a system of instant granting of import licences upon the arrival of goods, a pre-arrival examination system, and a system of payment of customs duties and other duties. In that regard, El Salvador wished to know what limitations Japan had confronted for the application of those procedures and how they had been solved. Information was also sought on whether there were still obstacles for the implementation of some of those procedures and systems. That would allow developing and least-developed countries to capitalize on Japan's experience.

142. The representative of Sri Lanka commented on the proposal by China and Korea on risk management (TN/TF/W/49), elaborating on the importance of risk management. With the increase of trade volumes, it was no longer possible to examine 100% of all cargoes coming in and going out. But, at the same time, one could not forget the fact that customs administrations had an onerous task to ensure compliance with customs laws and regulations by importers and exporters. In order to draw an appropriate balance between the two elements of customs control and Trade Facilitation, it had now been well recognized that the best mechanism would be the assessment and management of the risk factor involved.

143. Even though the term "risk management" was relatively new, all customs administrations had been applying risk analysis either formally or informally, based on their experiences and on the information and intelligence they gathered. What was required to date was to have an effective and well planned risk management procedure that could be adopted by all Member countries. In that context, Sri Lanka shared the same view on the various elements of the proposal made by China and Korea.

144. Sri Lanka also wished to take the opportunity to elaborate on certain aspects related to risk management, which Sri Lanka felt should be included in the measures to improve Article VIII.

145. First, Sri Lanka was of the view that a mutual administrative assistance programme should be in place for the countries to exchange information necessary to develop risk profiles that would enhance risk management which eventually facilitated trade. Particularly, it was the responsibility of countries that had more trade benefits to provide information required by the other respective countries.

146. Second, Sri Lanka wished to emphasize the importance of adopting a compliance measurement strategy by customs administrations within the framework of risk management. That could be done by random examinations based on automation and also through audit-based checks.

147. The representative of India associated his delegation with the statement by the Philippines on behalf of the Core Group. India wished to comment on papers TN/TF/W/40 to TN/TF/W/50. Many of the ideas presented in those papers echoed those presented earlier. Therefore, India's intervention was limited to new proposals or to those where India considered it important to reaffirm its stated position.

148. With respect to Article X-related proposals by Argentina (TN/TF/W/40) and Turkey (TN/TF/W/45), India broadly supported the proposal to create an official WTO webpage with a "trade facilitation" link to Member countries, or a WTO trade portal. India, however, had concerns regarding the creation of a national enquiry point, which India had already expressed at the May meeting in response to a somewhat similar proposal by China in TN/TF/W/26. Turkey had specifically mentioned that if different addresses were indicated for different trade regulations, that would not contribute to the aim of facilitating trade. India was unable to appreciate that logic. Trade regulations in different areas required specific expertise and it might be difficult for a single enquiry point to handle all queries with equal depth of knowledge.

149. India broadly supported Argentina's proposal (TN/TF/W/40) that each Member should provide the Secretariat with a list of websites containing detailed (and updated) information under Article X with TA being given to developing countries and LDCs, whose native language was not one of the official WTO languages, to translate the regulations in at least one of the official languages of WTO, as well as Turkey's proposal (TN/TF/W/45) for developed countries to publish all regulations/legislations in one of the WTO official languages with developing countries adopting a 'keyword' approach to improve accessibility to trade regulations. But Argentina only talked about developing countries. It was India's understanding that the requirement of publishing regulations in one of the three WTO official languages would also apply to the developed countries whose working language was other than one of the three WTO languages. That was clearly mentioned in Turkey's proposal and India supported that. India's understanding of Turkey's proposal of a 'keyword' approach was that it would apply to developing/least-developed countries whose official language was other than one of the three official WTO languages. While India supported that idea in principle, India sought more clarity on how such an approach would work; particularly how a keyword, which would be in a WTO official language, would lead an interested party to the main legislation, which would be in a non-WTO language.

150. Turkey's suggestion for Members to define their customs work processes with a flow chart in the official website of their customs authorities was useful, but would be burdensome to implement. There were several customs processes like export, import, refund, drawback, adjudication, etc. Preparing and displaying a work flow chart for each one would be difficult and burdensome. One had to guard against evolving a system that tended to create an information-overload.

151. With respect to Article VIII-related proposals and Turkey's suggestion to harmonize import documents and data required for the release of goods, using existing international standards under the CV Agreement, the HS Convention, the UN Layout Key guidelines, the WCO Kyoto Convention, Agreements on TRIPS and Rules of Origin (ROO), etc., India supported the broad thrust of the proposal regarding standardizing trade documents. However, India was not clear as to what standards were being referred to under various WTO agreements for the harmonization of documents. For instance, it was India's understanding that the Agreement on CV and ROO did not contain any standards which would help in standardizing documents. India sought clarification on that issue.

152. With respect to Turkey's proposal to establish a time limit for customs release to increase the predictability of customs procedures, and the EC's suggestion for each Member to establish and agree progressively to reduce its domestic standard processing times for goods release and clearance, based on a common instrument such as the WCO Time Release Study (TN/TF/W/46), India reiterated its position given in response to Korea's paper (TN/TF/W/18). In India's understanding, Members' commitment would need to be limited to publishing average time of release for important customs stations for past periods. Members would themselves determine that release period which would only serve as an indicative time for clearance of goods rather than imply any commitment. India wished to point out that India's domestic Time Release Study indicated that time periods for goods clearance was not only dependent upon the speed and efficiency of customs procedures but also, to a significant extent, upon speedy action by the importer in filing the goods declaration, responding to queries and in making duty payment. Furthermore, time periods for goods release also depended upon the state of infrastructure at the port and the hinterland connectivity. On account of those considerations, India would be unable to consider any type of prescriptive commitment to establish and progressively reduce a standard processing time. However, India recognized the value of reducing processing times and was making every possible autonomous effort in that direction and hoped that other Members shared that goal, too.

153. As for the EC's proposal for a commitment to simplify and reduce documentation and data requirements to an absolute minimum consistent with the need to enforce legitimate policies (TN/TF/W/46), India felt that, while favouring a generalized commitment to simplify and reduce documentation and data requirements in line with certain listed international standards, setting a commitment in terms of "absolute minimum" was too strong. India sought clarification from the EC as to whether they had any illustrative criteria in mind to operationalize that notion of "absolute minimum".

154. With respect to the EC's proposal for routine acceptance of relevant commercially available information (TN/TF/W/46), India had pointed out during the May meeting in response to Korea's proposal (TN/TF/W/18) that such a practice would be somewhat contradictory to another proposal of harmonizing document formats. Once harmonization and standardization of document format was achieved, there would be a necessity for customs authorities to have another system to forego certain documentation requirements when relevant information was already available in a commercial transaction. In India's understanding, a standardized documentation format should serve as a standard goods declaration and that could not be dispensed with.

155. India broadly supported the EC's proposal that each WTO Member or Customs Union should have a uniform customs code or aligned customs legislation, as well as a single import and export declaration, administrative message or data set. Members would in any case be expected to move in such a direction in an environment of automated clearance. However, India wished to point out that that should not preclude a Member from having different documents for different customs procedures (such as home clearance, warehousing, ex-bond, etc.), when those procedures were being undertaken through paper filing and not EDI.

156. With respect to the EC's proposal for a progressive implementation of single, one-time presentation to one agency, normally the customs, of all documentation and data requirements for export or import, subject to any exceptions to be identified with flexibility being required for some developing countries (TN/TF/W/46), India had already commented on that issue with reference to proposals by Korea (TN/TF/W/18) and Canada (TN/TF/W/20). India had suggested that such a Single Window system should be in the nature of a best-endeavour clause for developing countries since it would require substantial resources to develop full connectivity between various agencies dealing with border clearance procedures and for standardization and integration of data requirements of all such agencies. India therefore expressed its strong concern about the EC's suggestion that there should be flexible implementation of that provision for only some developing countries.

157. As for the EC's proposal to have a commitment by each Member to introduce simplified customs release and clearance procedures including the possibility of: pre-arrival processing of documentation; rapid release procedures based, for example, on the submission of a simplified document and mechanisms for post-release reconciliation of documentation and duties payable; the possibility of customs clearance or relevant export control at an importer's or exporter's premises; and the possibility of periodical audit and duty payment rather than duty payment on the basis of individual transaction, India broadly supported a system of simplified customs release and clearance procedures as provided under the WCO's revised Kyoto Convention. India sought clarification from the EC whether they had any other specific elements of simplified customs release and clearance procedures in mind, in addition to those already listed.

158. With respect to the listed procedures, India had some reservations. The first related to the proposal to allow for the possibility of customs clearance or relevant export control at an importer's or exporter's premises as a generalized commitment. India currently had a system of completing export procedures at an exporter's premises (normally for manufacturer exporters). India also had a system of permitting on request, examination of some categories of import goods, such as specialized cargo requiring examination in a specialized environment, or perishable cargo. However, India only extended such a facility subject to availability of staff. India would have reservations regarding taking that as a binding commitment for all forms of exports and imports, on account of considerations of additional resource requirements. The second issue where India would have a reservation was the proposal to have a periodic duty payment instead of payment on the basis of individual transactions. India felt that, in India's trading environment, that would pose a risk to revenue and a burdensome additional requirement of monitoring duty recovery.

159. India broadly supported the EC's suggestion to introduce systems of authorized traders, using transparent, objective and non-discriminatory criteria with such systems not excluding the participation of SMEs. However, India wished to sound a note of caution regarding the proposal to have non-discriminatory criteria for SMEs. In India, a system of simplified clearance for trusted traders (which was in the nature of an authorized trader system) was based on certain criteria such as import turnover, transaction turnover, a prescribed number of years of import and export, central excise registration, etc. Such criteria were evolved to exclude fly-by-night operators from such schemes, but some of them might adversely affect SMEs in obtaining the status of trusted trader. Hence, India wished to highlight that, while any criteria should not expressly discriminate against SMEs, it should not prevent Members from adopting criteria which was consistent with their domestic needs of risk assessment, revenue security, etc. In other words, the criteria would need to be based on individual national requirements.

160. India also broadly supported the EC's proposal regarding convergence of official controls in a "one-stop shop". However, one had to be mindful that meeting that requirement would require cooperation, coordination and resource availability of several agencies other than customs. In that respect, India supported the notion of a best-endeavour clause built into that proposal by use of the expression "to the extent possible".

161. Regarding the EC's suggestion for the elimination of Pre-Shipment Inspection arrangements, India broadly supported that proposal with the caveat that one would need to continue with some form of specialised, pre-shipment inspection systems, for example for potentially hazardous goods (such as waste and scrap iron and steel originating from war affected areas, since those could contain explosive materials).

162. As for the EC proposal to have a commitment to non-discrimination in terms of requirements and procedures applicable to like products irrespective of their mode of transportation, India, like many other Members, was also not sure how such a commitment would operate in practice. India looked forward to further amplification of that proposal with examples.

163. The Communities' suggestion that non-discriminatory rules should apply in respect of licensing of customs brokers and to having an undertaking to phase out any requirements for mandatory use of customs brokers was broadly supported. India, however, sought greater clarity from the proponents on their understanding of the term "non-discriminatory rule". In India's understanding, some elements of such a principle could also be linked to the GATS negotiations.

164. With respect to Article V-related proposals, and Singapore's suggestion to clarify the expression "unnecessary delays" appearing in Article V:3 by stipulating [a] time period[s], after which any further retention at the custom house could be deemed to constitute unnecessary delay (TN/TF/W/47), India was of the view that time period for goods clearance was not only a function of efficient customs procedures but was also interlinked with infrastructure and resource issues. While India had simple transit procedures, India had a systemic concern in accepting any fixed time period regarding clearance of goods, either for home consumption or for transit.

165. As for Singapore's idea that Members should discuss what could legitimately be charged in respect of transit traffic within the parameters prescribed under GATT Article V:3 (be commensurate with administrative expenses and cost of services) and under what situations administrative expenses be imposed on transit traffic, as well as drawing up guidelines for imposition of "administrative expenses", India had observed at the June meeting, in response to the EC's proposal on the same subject (TN/TF/W/35), that, while India had minimal charges on transit, it wished to know from the proponents an illustrative list of transit charges. India noticed that some examples had been given in that proposal, namely expenses for risk assessment and for random inspections. Members' work in that area would be benefited by further illustrative examples of that kind.

166. Finally, regarding Singapore's proposal to strengthen international cooperation with respect to transit with the NG considering the possibility of drawing up a non-exhaustive list of elements that Members should endeavour to incorporate when negotiating regional transit agreements, India proposed that any non-exhaustive list of elements for a regional transit regime should only be an indicative and a non-binding list. The illustrative examples of possible elements for harmonization suggested in the proposal indicated that Members had to be mindful that some of those subjects were also negotiating issues under GATS and hence would need to be dealt with with appropriate caution.

167. The representative of Colombia commented on the proposals concerning inspection involving risk assessment. Colombia had an automatic risk assessment procedure. As criteria, information was used that had been analysed by customs officials. Colombia was therefore very interested in having more information about risk assessment systems. Internally, Colombia was adapting its legislation in order to try to improve the performance in that area. The Colombian authorities were willing to support such proposals, but would require TA&CB from countries that had more experience in that area.

168. Recently, the Government of Colombia had adopted a law which established procedures designed to expedite import and export clearance procedures. At a future meeting, Colombia would

share with the NG the objectives and results obtained. The same piece of legislation established an obligation for the authorities responsible for physical inspection in Colombia's airports, seaports and border areas to coordinate their activities so as to be able to respect deadlines and to limit the cost of the procedures.

169. Colombia welcomed the papers by Japan (TN/TF/W/42), China and Korea (TN/TF/W/49), and Singapore (TN/TF/W/46). Colombia's animal and plant health department had asked for information regarding experience with, and assistance from, countries that had risk management procedures for the importation of goods that could involve sanitary and phytosanitary risks. Colombia welcomed Singapore's proposal to strengthen risk management for transit goods, thus facilitating the transit of low risk goods. The Colombian delegation also welcomed the proposals designed to promote regional transit agreements and coordination amongst customs authorities of countries with common borders, as set out in the Norwegian proposal (TN/TF/W/48).

170. The representative of Turkey said that the updated Secretariat compilation would have a central role in the future phase of the negotiations.

171. Turkey also wished to thank India for their valuable comments and clarification requests that Turkey would respond to in the near future. In that context, it would be helpful if the comments and questions could be provided in writing.

172. Turkey also wished to share its views on some of the proposals on the table. Turkey had previously submitted a paper that proposed the establishment of an enquiry system providing access to the national legislation of WTO Members by using keywords. From the perspective of that proposal, Turkey supported Argentina's proposal in TN/TF/W/40 to set up an official WTO website and appropriate links to national information sources. Detailed information concerning the commercial practices could be reached through the mechanism proposed in paragraph 22 of TN/TF/W/45.

173. Turkey supported the initiatives to facilitate clearance formalities of express shipments. Turkish Customs already provided simplified procedures for express shipments. Consignments whose customs value were under a certain de minimis threshold and non-commercial in nature could be declared to customs authorities by shipment companies under a single declaration form for a day with a list of related consignments attached. Customs staff could eventually adapt their working hours, taking into account the requests of shipping companies. The experience in that field justified the economic rationale outlined by Chinese Taipei in its submission TN/TF/W/44. However, some features of Chinese Taipei's practice, such as simplified declaration of low-value shipments and financial guarantees, might not be implemented for the time being due to systematic reasons. Thus, Turkey was of the opinion that the economic justification of accelerated transactions for express shipments was clear and should be acknowledged in the final commitments. However, instruments of simplification could be decided upon by the respective Member itself in accordance with the WCO Guidelines.

174. As for risk management proposed by Japan in TN/TF/W/42, in Turkey's view it allowed authorities to focus compliance in selected areas as opposed to a full-scale transactional compliance approach in order to use resources more efficiently. As Turkey already applied such a system, it supported the use of risk management techniques in customs clearance as stated in TN/TF/W/45, and therefore supported Japan's proposal. In addition, it should be noted that most of the risk management techniques required computer-based systems. Therefore, Turkey wished to underline the need for infrastructure and technical capacity to perform or improve risk assessments. Turkey also shared most of the views put forward by China and Korea in TN/TF/W/49 including the ones on classification of companies according to their compliance records and post-clearance control.

However, Turkey had some reservations about the functioning of a risk management platform to share primary customs data. More clarification would be appreciated on that topic.

175. Among proposals put forward by Singapore in TN/TF/W/47, Turkey supported the ideas of determining entry customs house, and providing a definition for administrative expenses and cost of services rendered. Turkey would like to propose for the term "unnecessary delay" to be linked to the standard clearance time to be declared by Members. Since the standard clearance time would be a reference time for completion of all transactions until release, that might ultimately help to avoid unnecessary delays at customs. Turkey also agreed on the necessity of strengthening international and regional cooperation in transit.

176. Turkey also supported the proposals of the EC in TN/TF/W/46 and shared Argentina's approach regarding the links between elements of Annex D. Workshops by the World Bank in three countries had shown that facilitation in trade operations was not only a commitment, but also a process starting from the phase of identifying needs and priorities. That process was expected to deliver the outcome of a capacity strengthened enough to run speedy and secure operations. For that reason, commitments should be in parallel with the administrative capacities of developing countries in particular. S&D treatment at that point should, and could, be a reliever to keep pace with requirements of the final outcome of the negotiations.

177. The representative of Argentina referred to India's comments on communication TN/TF/W/40, saying that it would appreciate receiving them in writing to be able to give them due consideration. Argentina sought clarification on two points. First, it seemed that India generally supported the possibility of establishing a WTO website which could serve as a portal for TF and that they had no problems with establishing links to national websites. Argentina understood India's concern relating to the setting up of a single focal point because that would mean setting up a specific central body. The idea behind Argentina's proposal had been to have trade information that was easily accessible. But Argentina also thought that it would not be sufficient to just have information whereby the trader could have access to the information if there was no possibility of putting questions or getting guidance. It was indispensable to create the scope whereby the trader could have access to, or have interactive communication with, the relevant authorities. That was the value of having a central office or some mechanism which could facilitate that.

178. India's second point about the proposal being applicable to developing as well as developed countries, as well as LDCs, was a matter of personal interest. There were paragraphs that only referred to developing and LDC countries, but there would certainly be need for TA&CB to enable those countries to establish those websites or create focal points and the like.

179. The representative of China commented on various proposals, starting with the paper by Japan (TN/TF/W/42).

180. In that paper, the collection, assessment and analysis of information and providing of proper treatment to the traders were referred to as being three sequent steps for customs to facilitate trade. China believed that those steps were very important. Moreover, applying facilitative measures, such as, for instance, the Simplified Declaration Procedures and Instant Import Permit upon Arrival System mentioned by Japan, certainly could not be done without the necessary support of IT application and highly qualified staff. Coordination and cooperation among the government agencies, and with private sectors, were also of fundamental importance in that regard. Since adoption of those measures required necessary investment in terms of funds and human resources, it required political will and economic development to reach a considerable level. Only then would government officials and traders be in the position to realize the importance of a more effective and efficient customs management for their trade activities. It was a matter of cost-and-profit action. Revenue-focused

Members needed experiences and TA from other Members which had already implemented that to secure their duty collection.

181. In that context, China would suggest that countries with early implementation experiences not only introduce the concepts, but also share their experience in developing those concepts to help other Members better understand how TF improved the development of the economy. China appreciated Japan's efforts in that respect.

182. As for a proposal from Argentina (TN/TF/W/40) regarding publication of information through the website, the Chinese delegation considered it to be a good idea to link a Member's national website containing detailed information under Article X to the WTO website available to all Members. However, because of the different development stages, developed Members might be capable of publishing all regulations/legislation in the three WTO official languages without major difficulties, while developing and least-developed Members might confront implementation difficulties given their national languages and their limited ability to apply IT. Therefore, flexible approaches regarding timeframe and range of regulations for publishing on websites should be taken into account.

183. China was of the view that the translation could be done at the national level with necessary assistance from the WTO Secretariat. The international community's financial and technical support was vital. Members should be encouraged to commence the work as early as possible. Websites from developed Members that had been created could be linked to the WTO website as soon as they considered it proper to do so, as a model for implementation.

184. As for the EC's proposal in TN/TF/W/46 to have a uniform customs code, China wished to echo that idea. It was important for both the customs and traders to talk about business on the same legal ground within a customs territory. When mentioning the "standard processing time", China was of the view that carrying out that kind of analysis would be of great help to the customs to find out its weakest point in expediting release of goods.

185. With respect to the proposal by Singapore (TN/TF/W/47), and its definition of "administrative expenses", Singapore had mentioned that "Members could clarify that 'administrative expenses' should only relate to costs expended for risk assessment and random inspections. That could be a nominal fee which should be applied on a non-discriminatory basis". However, in the practice of China Customs, if the enterprise was granted to an expeditious customs clearance procedure, no charges should be imposed on the consignment.

186. As for drawing up a possible guideline to define the "cost of services rendered" and "administrative expenses entailed by transit", China's concern was that, because of the diversity among Members, it was hard to compile such a guideline. China wished to know more about what kind of methods were to be introduced in developing the guidelines that were acceptable to Members.

187. The representative of Korea expressed Korea's belief that, under the very limited resources and manpower, risk management was one of the most effective ways to make best use of those capacity constraints. Risk management techniques were there to direct those limited resources to high risk commodities and areas as opposed to commodities having a lower risk. It was also a way to get the right balance between facilitation of procedures and compliance with the relevant rules and regulations. In that respect, Korea had proposed that risk management might be applied to various areas, including the post-clearance audit, or customs classification and valuation, and others.

188. Korea shared the view on the need for TA&CB for the application of that technique. Korea was also open to further negotiations on the specific elements on the application of risk management,

including, as Sri Lanka had rightly pointed out, some mutual assistance programmes for risk profiles, enterprises classification, or adoption of compliance strategies.

189. The representative of the European Communities replied to questions raised by India, announcing that answers would also be submitted in writing. With respect to India's question about the EC proposal that each Member established a domestic procedure for measuring standard processing times, the EC agreed that each Member should determine their own domestic standard times. They could not, by definition, be harmonized across the Membership, and should not be. The idea was for those times to be indicative only. The important element was that each Member actually took the important step administratively to introduce that system of self-assessment and self-measurement, for the good reasons expressed by China.

190. With respect to India's suggestion of it being a contradiction to, on the one hand propose the standardisation of the customs declaration, and, on the other, require customs to routinely accept commercially-available information, the EC could think of a number of circumstances where, beyond the basic requirements of the standardized customs declaration, traders might be asked to provide more information, such as, for instance, on the weight of goods, on whether parties were related or not for the purpose of customs valuation, standard ingredients and measurements for products. Those were things which could be demanded by customs subsequent to an initial check of the import declaration. And in those situations, the trader's own commercial data documents should normally suffice.

191. As for India's concerns about the EC's proposal regarding a Single Window for the lodging of data or documentation for import and export being suggested to be flexibly applied as a best endeavour only for some developing countries, the EC wished to explain that its initial thinking was that the LDCs who had the greatest resource limitations might find that more difficult to apply than larger developing countries. However, the EC took the point that a country such as India, which had a large number of regulatory agencies, and a large number of ports, airports, and entry points, might also face challenges in operating a Single Window system. A discussion had already taken place on that matter when negotiating the Import Licensing Agreement. One would have to look at a flexible approach that would commit all Members progressively, perhaps along the lines proposed by Singapore, to introduce a Single Window concept.

192. India had also expressed reservations concerning the proposal that, among the simplified procedures that Members might introduce were the possibility of customs clearance at an importer's premises, or the possibility of periodic duty payments. Both measures were a very straightforward and useful trade facilitation measure. In particular, the possibility of periodic duty payments was much more efficient and time-saving – both for traders and for customs – than individual consignment-based systems of duty collection, and, in many cases, periodic payments of duty could be linked to some kind of authorized trader scheme. It was one of the privileges accorded to traders with a very good compliance record. One did not have to collect the duty from them on every single occasion, on every consignment, but it could be collected on a monthly basis, or periodically.

193. On the question of convergence of official controls at the border, India had rightly recognized that that required a degree of coordination between different border agencies, such as the customs or the veterinary authorities, and that that therefore should only be a best endeavour. That was one possibility. The EC noted, however, that in the paper tabled by Malaysia, which addressed the same issue (TN/TF/W/50), Malaysia also suggested that there could be a general commitment to provide for convergence controls subject to exceptions. Perhaps that might be a way round the particular Indian concern.

194. On the question of customs brokers, India suggested that a provision to provide for non-discriminatory licensing of customs brokers might involve the GATS rather than the GATT. That

might be true and the EC would look again at that. For the EC, the important thing was that traders should be allowed to import and export directly and lodge their declarations directly rather than having to go through the often very burdensome and costly monopoly of customs brokers which they experienced certainly in some countries. On the other questions tabled by India, as well as on those posed by the Philippines, the EC would come back in writing.

195. The representative of Egypt commented on document JOB(05)/158 from Hong Kong, China, replying to Egypt's questions in submission TN/TF/W/31. What Egypt valued in that paper was the key word "flexibility" which recurred in most of the paragraphs on HKC's views on the application of the suggested benchmark on the necessity and reasonableness, as well as for the self-review mechanisms and the related questions of how frequent it should be and whether it should be left to each country to decide what was more suitable for it. As for Hong Kong, China's experience, on the application of those benchmarks and the self-review mechanism, Egypt also recognized that Hong Kong, China acknowledged that it was a free port, which was quite a specific situation. It was interesting to see how they implemented that suggestion.

196. The representative of Hong Kong, China said that the Secretariat's updated compilation would serve as a useful basis for the NG's future work.

197. Hong Kong, China wished to reply to India's verbal questions about Hong Kong, China's proposal presented at the June meeting.

198. With due respect to the mandate that negotiations shall aim to clarify and improve relevant aspects of Articles V, VIII and X of the GATT 1994, HKC's proposal on Article VIII aimed to put Article VIII:1(c) into action, as explained in HKC's submission TN/TF/W/31, and as listed in sections G and H of the Secretariat's revised compilation. The proposal in fact copied most of Article VIII:1(c) and removed the phrase "recognize the need for". It advanced the key principle for TF and provided a stronger basis for TF endeavours. It was HKC's top priority to reinforce basic GATT principles in the negotiations, but that did not mean that HKC did not want to have other specific elements in the final outcome. HKC in fact supported almost all other proposals for specific elements and measures submitted by other Members as they would clearly bring benefits to world trade. In view of the number and variety of proposals as contained in the Secretariat's compilation, HKC simply saw no need to duplicate the work of other Members.

199. Regarding HCK's proposal on Article X (TN/TF/W/32) and also listed in the Secretariat's compilation in sections A and C, paragraph 1(a) set out the general principle. It did not preclude the use of multiple media. Paragraph 1(b)(i) provided for electronic publication. HKC envisaged that even with paragraph 1(b)(i) in force, publication in printed media should still follow paragraph 1(a). HKC also envisaged, as explained in the last section of its submission, that TA and longer implementation periods might be provided for electronic publication under paragraph 1(b)(i).

200. The notification requirement in paragraph 1(b)(ii) was proposed to cover the means to access the information published electronically. HKC attempted to make that paragraph technologically neutral; hence, there was no direct mention of the internet or of a website. It referred to the addresses of the relevant websites of individual Members.

201. HKC welcomed India's idea of publishing the links to those notified websites. In fact, the current WTO website dedicated one page to each of its Members. The HKC page on the WTO website already had a link to its Trade and Industry Department website, which provided, *inter alia*, comprehensive information relating to HKC's import and export control. For India, the page had a link to the Ministry of Commerce and Industry website. Even at present, a Member could set up a link to its electronic publication website on the domestic website to which the WTO website linked.

202. The representative of Japan replied to questions raised with respect to the Japanese submission. As for El Salvador's enquiry about Japan's experience in maintaining its sound border control while advancing speedy clearance, as referred to in paragraphs 6 and 7 of Japan's paper, the challenge for Japanese customs and other agencies was how to cope with an increased volume of trade. Japan had greatly benefited from global trade with the volume of trade having been increased notably. Japan had also had some kind of sound competition with its neighbouring countries. Being a hub port in East Asia, it had been necessary to upgrade Japan's risk management system to enable it to handle the high volume of trade while maintaining proper customs control. That was a never-ending challenge, and a challenge which had arisen in recent years.

203. With respect to Sri Lanka's enquiry concerning Japan's paper on pre-arrival examination, Japan wished to inform that, unlike the Sri Lankan regime, Japan did not require any delivery order when issuing a permit after receiving the formal import declaration. The reason for that was that Japan had other systems which could confirm the location and movement of the actual cargoes in Japan's ports.

204. The representative of Uganda wished to briefly respond to the comments by the Philippines regarding Uganda's joint proposal with the US on consularization.

205. Uganda wished to express disappointment and surprise about those comments. As Uganda continued to attempt to understand what had prompted that critique, particularly in view of the otherwise positive reception the proposal had received so far, the Ugandan delegation found it difficult to understand the justification for the retention of consularization on the basis that some goods were probably meant not to leave the exporting country. In Uganda's experience, the practice was quite different.

206. The proposal to remove consularization on an autonomous, best-endeavour basis defeated the purpose of that exercise, watered down predictability and did not help in reducing costs for SMEs.

207. The representative of the Philippines replied to the question from Uganda, saying that the questions posed by the Philippines in JOB(05)/159 on the Uganda proposal had not meant to be criticism. Rather, the intention had been to better understand their proposal.

208. The representative of Argentina said that continuous work on the compilation was of tremendous importance for Members' work. Argentina also appreciated that other cross-cutting issues were included. Argentina further wondered whether the compilation could not also include national experience papers. Some focused on a particular article and could therefore easily be included whereas others were less specific, with Argentina not being sure how they should be included. Should they simply be labelled as national experience papers? Argentina wished to discuss how those documents could be included.

209. The representative of Chile said that Chile had a number of concerns regarding the Swiss proposal, supported by Argentina, regarding an expansion of the compilation to also include national experience papers. The compilation had to be a document that would help Members understand the proposals. Inclusion of the national experience papers would make the compilation a very heavy document, and one that would be less easy to use. It was useful to have those national experience papers as they showed to what extent Members could use certain suggestions, but including them in the compilation was not the proper way forward.

210. The representative of Canada said that the revised compilation was an extremely useful document that could be used in future meetings as a basis for proceeding on the various issues to discuss how one might develop specific commitments on trade facilitation. Picking up on the point raised by Switzerland about national experiences, Canada wished to suggest that, instead of trying to

incorporate those detailed papers into the compilation document, those types of interventions were made orally while going through each of the issue areas in order to further discuss them.

211. The representative of Chile wished to clarify some of the doubts raised at the last meeting with respect to the communication by the Latin American countries on links between the elements of Annex D on behalf of the sponsoring countries. The link between the Annex D elements was a key to the needs and priorities to be identified through a system of self-assessment. It was for that reason, and in order to respond to a number of questions, that the sponsors of the paper had decided to explain further exactly what they meant by the process of self-review or self-assessment.

212. The identification of needs and priorities required a process of self-review or self-assessment that had to be dynamic and on-going. Dynamic on the basis of the objectives that were at the forefront of the negotiations and on-going because it would not only take place during the process of the negotiations but also after its conclusion. Developing countries and LDCs could carry out that process by requesting technical assistance, if required. During the period of negotiations, the self-assessment process would be on the basis of the progress made in the NG. That process would have different objectives, depending on the particular moment or stage at which the negotiations stood. In that context, in the initial stage of submitting proposals, the objective would be to carry out a diagnosis. The proposals had identified various aspects of Articles V, VIII and X of GATT 1994 that were suggested as important to consider during the negotiations. But it was not yet clear what exactly the scope of that would be. In that context, the objective of the self assessment would be to compare the actual situation of each Member with those aspects that had been identified. There should be diagnosis or a snapshot of the current situation that would enable Members to determine (i) those elements and measures already identified and already being applied by Members, as well as the way in which they were being applied, and (ii) those elements and measures that had been applied.

213. From those which had not been applied, one had to determine which Members were actually interested in applying them, those which would be interested in applying them but did not consider them to be a priority, and those which would have no interest in applying them for reasons that might include legal or security issues, or others. In a subsequent negotiating phase, which would be the definition of the scope of the disciplines, there would be much more clarity as to how to clarify and improve the provisions of Article V, VIII and X. Once Members had that greater clarity regarding those details, the self-assessment would help to determine (i) which aspects and measures were consistent with the scope and structure of the proposals, (ii) which were being applied, but in a different fashion or included different elements, and (iii) whether and where there would be difficulties in application. That would help to improve Members' participation in the process of defining the scope of the disciplines. It was hoped that by the time the negotiations became specific, Members would have already defined their proven capacity, and that they would know what had already been applied and whether they would need additional time, technical assistance or capacity building in order to apply the negotiated commitments.

214. During a post-negotiation period, the self assessment process would depend on the results of the outcome of the negotiations. While it was difficult to describe at the moment, if one assumed that certain commitments would be subject to the application of deadlines, then the self-assessment process should help to evaluate the application of the commitments and the TA&CB already carried out. That would then develop further when there was greater clarity with respect to the actual results of the negotiations and the form that the commitments would actually take.

215. As for the questions regarding the mechanism proposed in paragraph 15, that mechanism also had to be both dynamic and on-going. It should be established over time. It was quite likely that the key role it would play would come about in the post-negotiation period. However, it was still too early to draw any conclusions on that subject.

216. The representative of the Philippines wished to revert to the earlier discussions about the Secretariat compilation and what to do with it. As already mentioned by the Philippines earlier on behalf of the Core Group, the Core Group found the compilation to be a very useful and valuable working document for the NG's future work.

217. The representative of Mexico said that, since the beginning of the negotiations on trade facilitation, there had been an intense exchange of proposals among Members on possible alternatives that would enable international trade to grow substantially and take place more smoothly, it being understood that the development of freer multilateral trade relations would implicitly lead to more and better opportunities for the developing and least-developed countries to integrate more efficiently into the world economy. That would help to strengthen the synergies between them and with the developed countries in the production area, and would lead, in turn, to an increased capacity to generate new business opportunities, ultimately enabling them to boost their production, investment, and employment as a prerequisite to improving their welfare.

218. The various presentations by Members had revealed a considerable amount of common ground on the general issues of importance to the achievement of progress in creating better conditions for an increase in trade flows. At the same time, certain Members contributed to the negotiating process by presenting, in greater detail, more specific objectives to be pursued through trade facilitation measures based on their individual experience or the common practices of a group of Members. And in spite of the greater specificity of these presentations, there was also a certain amount of common ground as to the particular objectives that Members had been able to achieve, perhaps with slight variations as regards the specific measures implemented owing to the differences in their particular development status.

219. Alongside the discussions and ongoing analysis of the contributions of Members, participants also addressed, in a variety of ways, the need to ensure the supply of TA&CB essential to the proper implementation of TF measures. In the course of that exchange of ideas, certain Members already identified some of their specific needs and priorities, while others discussed the efforts they were currently making in the TA&CB area. The international organizations also contributed, describing the programmes and activities currently under way to support the implementation of trade facilitation measures. In spite of the progress mentioned earlier, it was possible that the various alternatives for addressing needs and priorities of Members that might require assistance would be easier to define as Members progressed in identifying the possible disciplines to be considered for any agreement on TF.

220. The depth of the discussions on the various proposals and ideas submitted by Members from the outset of the negotiations and the common ground that had emerged at the various levels of discussing TF issues, objectives, and measures suggested that there was a critical mass that could be used to help in identifying the disciplines that tentatively might form part of an agreement. That would not prevent Members from continuing their analysis and exchange of ideas with a view to defining the level and scope of those disciplines or of any others that might be identified subsequently.

221. The identification of possible disciplines might be a good way of pursuing the substantial progress made in the negotiations in that it would provide Members with the following advantages: (i) Members would have a clearer basis for assessing, in greater detail and individually, where they stood *vis-à-vis* the conditions for achieving the implementation, where appropriate, of the disciplines; (ii) Members would be able to consider more precisely the particular areas where there might be a need to request TA&CB support; (iii) Members would also have more elements at their disposal when it came to exploring more specifically the possible alternatives for ensuring that TA and support for CB was provided to Members that needed it. That, in turn, would help to provide a better idea of the form that S&D treatment could take according to the degree to which it was possible to provide TA and support for CB; and (iv) Members would have more information and elements at their

disposal to discuss the scope and level that could be established for each one of the possible disciplines considered.

222. The identification of possible disciplines would be an ongoing process which, on the basis of feedback that would be conducted in the light of the above-mentioned advantages, would lead to a more dynamic process of analysis that could, in turn, help produce a clearer idea of what an agreement on TF could look like in its initial form.

#### B. TECHNICAL ASSISTANCE AND CAPACITY BUILDING

223. The discussions under this agenda item generally took place in informal mode, with the exception of the following parts:

224. The representative of Morocco said that it was important to recall that modalities for negotiations on Trade Facilitation contained a strong commitment by Members, in particular developed countries, to provide technical assistance and support for capacity building to enable developing and least-developed countries to participate in and benefit from the negotiations.

225. The communication of the African Group, which had been circulated as document TN/TF/W/56 attempted to put forward some ideas on how technical assistance and capacity building could be operationalized. Some of these ideas were not new as some Members had also alluded to them in previous discussions on technical assistance.

226. As far as the process of the identification of the needs and priorities of individual Members was concerned, the African Group would like to suggest a revision of the WCO Self Assessment Checklist to make it simpler and in conformity with the scope of the negotiations and to cover not only customs issues but also all formalities and procedures related to importation, exportation and transit in line with GATT Articles V, VIII and X. That would assist Members in identifying their needs and priorities falling within the scope of the negotiations.

227. Further, the African Group was proposing a compilation of needs and priorities identified by different Members. That compilation, which should be continually updated, as appropriate, would serve as a useful reference by those Members, organizations and other donors willing to provide targeted assistance during and after the negotiations. Assistance should be extended to those Members having difficulties in identifying their needs and priorities.

228. Regarding the training and educative process, the African Group welcomed the support so far extended by the WTO, individual Member countries, and other organizations for the clarification and educative process, including training of customs officials, with respect to GATT Articles V, VIII and X.

229. The African Group believed that that kind of support should be enhanced both at the national and regional levels in order to facilitate the participation of developing and least-developed countries in the negotiations. The African Group encouraged individual Members and organizations expected to support these activities to come forward and give their indications in order to trigger requests by those Member countries in need.

230. Furthermore, the clarification and educative process should contribute to the negotiations through factual reporting of the outcome of seminars/workshops by the relevant organization during the meetings of the NG.

231. As recognized in Annex D of the July 2004 Framework, coordination among relevant international agencies and donors in the provision of TA&CB was important during and after the

negotiations, particularly where TF measures required support for infrastructural development. The importance of coordination had also been mentioned in the note by the WTO Secretariat on TA&CB on TF (TN/TF/W/5).

232. While the modalities for negotiations on trade facilitation alluded to coherence and a collaborative approach among international organizations providing technical assistance in that area, their specific role with regard to implementation of the needs and priorities of developing and least-developed countries needed to be clarified in order to ensure complementarity. Accordingly, the African Group urged Members to consider the idea of establishing a coordination/collaborative mechanism or building upon any existing mechanism involving various partners engaged in trade facilitation in order to enhance synergies and to ensure efficient use of available resources. Such mechanism should ensure that the needs and priorities with respect to trade facilitation identified by developing and least-developed countries were addressed effectively, that available resources would be efficiently used, and that there would be long-term sustainability of technical assistance programmes.

233. The African Group underscored the importance of TA&CB for an effective outcome in trade facilitation, and also wished to highlight that the contribution of TF measures to the multilateral trading system could be enhanced if Members effectively addressed other non-tariff barriers affecting the flow of trade both in goods and in services.

234. The representative of Guatemala expressed her delegation's appreciation of the Regional Workshop on TF held by the WTO, UNCTAD, the World Bank and the WCO in Guatemala City from 27 June to 1 July with the participation of Costa Rica, Cuba, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua and Panama.

235. A very important and positive feature to be emphasized with regard to participation in the event was that it gave the Geneva-based delegates responsible for the negotiations the opportunity to participate. That, together with the participation of capital-based delegates responsible for the negotiations and customs agents involved in the application of TF measures, gave impetus to the event that was very valuable with a view to forming and, in the cases where they already existed, strengthening national trade facilitation teams.

236. The event focused on the context of the negotiations and the negotiating mandate for trade facilitation – Annex B. Presentations were made on Articles V, VIII and X of the GATT 1994, accompanied by group exercises in order to identify barriers to trade in goods, including goods in transit, resulting from the application of border practices and procedures. A detailed review was made of certain proposals relating to Articles V, VIII, and X of the GATT 1994. Emphasis was also placed on the importance of such issues as SDT and TA&CB.

237. One of the most valuable aspects of the workshop was the work to strengthen national negotiating positions and examine the functioning of the negotiating process in Geneva and the degree of support required from the capitals. The second part of the event, directed by the World Bank with the support of the other organizations present, was devoted to the application of the Support Guide for the WTO Negotiations on Trade Facilitation.

238. There was also discussion, with regard to the Central American countries, of the support that the Permanent Secretariat of the General Treaty of Central American Economic Integration (SIECA) is providing for the application of trade facilitation measures in the region. Another issue discussed was the role of the private sector in trade facilitation. A presentation was made on Guatemala's experience with the One-stop Export Office.

239. The representative of the World Customs Organization (WCO) gave a very useful presentation on the WCO's instruments and standards on trade facilitation and, with the participation of UNCTAD, analysed, *inter alia*, the assessment of needs and the automation of customs facilities.

240. Exercises were carried out in groups for the presentation of the results of the review of proposals by the participants, the identification of factors critical for success in the negotiations and the analysis of the actors (users) of international trade in each country. The experiences of other countries, such as Jamaica and Uganda, were also presented. Finally, there was discussion of the steps and national plans of action to continue the negotiating process in Geneva, although the course and implementation of that process obviously remained in the hands of each of the countries.

241. The workshop was very valuable and successful and would bear fruit, which would be reflected in the work of the NG.

242. The representative of Honduras thanked the WTO, the World Bank, the WCO and UNCTAD and the donor countries for having facilitated the participation of several delegates from the Geneva missions in the workshop, as well as the government of Guatemala for the hospitality provided.

243. The workshop had provided the opportunity to share experiences with senior customs administrators and those responsible for the negotiations on trade facilitation. The programme was varied with the activities covering several issues, including an explanation of the negotiating process in Geneva and of the various proposals concerning Articles V, VIII and X of the GATT. In addition, groups were formed with a view to reviewing the proposals and to identifying each country's position on those proposals, with the participants also being asked to identify certain barriers to trade.

244. The most valuable feature of the event was the impact it had on the officials of each country in making them aware of the importance of the discussions taking place in Geneva. The workshop helped provide them with the means for forming national groups to follow-up this issue with a view to analysing the proposals and providing feedback to the delegates responsible for the negotiating process in Geneva.

245. The representative of El Salvador said that the Regional Workshop on Trade Facilitation held in Guatemala from 27 June to 1 July 2005 had given El Salvador's representatives the opportunity to hold in-depth discussions on a number of issues, including: (i) the proposals put forward by Members concerning Articles V, VIII and X; (ii) technical assistance, capacity building and special and differential treatment; (iii) actions taken by various international organizations in the field of cooperation; and (iv) existing support mechanisms for the negotiations.

246. El Salvador believed that such activities not only helped to strengthen the work carried out by national trade facilitation institutions, but also contributed to the coordination between capitals and their Geneva missions in the framework of the current negotiations.

247. The representative of the OECD informed Members of its current work on trade facilitation. The OECD Development Assistance Committee (DAC), which regrouped 22 major bilateral donors as well as the EC, had recently initiated a project that aimed to strengthen the design, delivery and evaluation of trade facilitation-related technical assistance and capacity-building programmes, in a way that was consistent with the Paris Declaration on Aid Effectiveness (2005) and other DAC guidelines, including the DAC Guidelines on Strengthening Trade Capacity for Development (2001). The project would complement the research on trade facilitation carried out by the OECD Trade Committee and would be undertaken in coordination with other international organizations, such as WCO, UNCTAD and the World Bank.

248. The project should as such indirectly contribute to the delivery of commitments included in Annex D of the WTO "July Package". It was primarily being undertaken in light of (1) the important positive impact trade facilitation could have on development and poverty reduction; (2) the increasing aid commitments targeted at supporting trade facilitation reform, and (3) the numerous technical assistance and capacity-building commitments included in the WTO "July Package".

249. The project would deliver two distinct outputs: In a first phase, running from July to December 2005, a review of past development assistance efforts of bilateral donors and multilateral agencies in the area of trade facilitation would be undertaken. That review would be conducted through a desk study, which would comprise four parts.

250. First, a quantitative analysis – showing, for the 2001-2004 period, the main trends in aid volume; the main donors and beneficiary countries, aid delivery modes (bilateral versus multilateral), as well as the geographical distribution of trade facilitation-related aid. The analysis would rely on data reported to the WTO/OECD TCDBD and the OECD Creditor Reporting System (which, among others, monitors aid targeted at infrastructure development).

251. Second, it would include a mapping of existing donor expertise – aiming to distinguish which donor or international organization specialises in what type of trade facilitation related assistance, if any (e.g., training of officials; automation). The mapping would also list and describe existing instruments designed by different organizations, for example, trade facilitation diagnostic tools and performance indicators. The quantitative analysis and mapping should thus help provide an inventory of support provided so far.

252. Third, a qualitative analysis would be undertaken. It would identify factors that had contributed to success (or failure) of past development assistance programmes. More specifically, it would examine factors that had contributed to increased relevance, efficiency and effectiveness of donor assistance, by looking at a sample of past TA&CB programmes. The qualitative analysis did not aim to be a thorough evaluation of past development assistance programmes. Rather, it aimed to identify and share lessons regarding past experience with development assistance in the area of trade facilitation.

253. Finally, the study would summarize lessons learned and conclusions drawn.

254. In a second phase, running from January 2006, the lessons learned would be further refined and tested through field research (interviews) and consultations with partner countries and other international organizations that had undertaken relevant work in the area, with a view to producing a good practices paper for strengthening trade facilitation-related capacities in partner countries. The paper mainly aimed to identify how donors and recipients could best work together to strengthen sustainable capacities to implement trade facilitation measures.

255. That second phase aimed to bring together development assistance practitioners, trade and customs officials and private sector representatives in OECD and partner countries involved in trade facilitation.

256. The representative of UNCTAD reported on TA&CB activities carried out by UNCTAD. Those activities were financed by the Trust Fund supported by the Governments of Sweden and Spain.

257. The main objective of that Trust Fund was to help Geneva- and capital-based negotiators from developing countries and from least-developed countries to better understanding the scope and implications of the negotiated measures, in the context of Annex D of the July Package.

258. Activities under that Trust Fund covered: (i) The organization of ad-hoc brainstorming sessions on WTO negotiations on Trade Facilitation for Geneva-based delegates. Two such sessions were organized in March and May 2005. Similar events would be organized on request from groups of delegations. (ii) The organization of regional workshops on WTO negotiations on Trade Facilitation, with cooperation from the WCO. Two such workshops were organized respectively in Bangkok (Thailand), with ESCAP, in May 2005, and in Lusaka (Zambia), with COMESA, in June 2005. Other workshops would be organized in the near future, for Least-Developed and Landlocked Developing countries in Asia, in Geneva, on 26 September 2005; and for French-speaking LLDCs in West Africa, in the Autumn. (iii) The participation of Geneva-based delegates from developing countries and UNCTAD staff in regional workshops organized jointly with WTO, in the context of the WTO technical assistance programme. One such event had been conducted in Guatemala, at the end of June 2005; two others were scheduled for early August for South American countries, in Buenos Aires, and for French-speaking African countries in mid-September, in Tunis. (iv) The participation of Geneva-based delegates from LLDCs and UNCTAD staff in a Round-table on Trade Facilitation organized as part of the meeting of Trade Ministers of LLDCs scheduled for 9-10 August in Asunción. That Ministerial Conference would focus on the Doha Round of trade negotiations, in preparation for the WTO Conference in Hong Kong.

259. The Trust Fund also covered the elaboration of information material on some tabled measures to be made available for general distribution in September. Using the format of technical notes, that material summarized, based on available experiences, the implication of the measure in terms of human and financial resources, time required for implementation, prerequisites, sequencing of measures, etc.

260. With respect to the issue of Single Window operations, UNCTAD wished to remind delegates that there were more than 100 trade points operating in 90 countries. The concept of trade points had been developed by UNCTAD. A trade point was a trade facilitation centre, established as a public-private partnership within Governmental or private sector institutions. It provided trade-related information and introduced the use of electronic commerce technologies, with a view to enhancing the competitiveness of small and medium-sized enterprises. Those 100 trade points were regrouped under the World Trade Point Federation ([www.tradepoint.org](http://www.tradepoint.org)). The functionalities of a trade point were relevant to Single Window operations and might include an enquiry point facility. In a number of countries, the trade point provided information on applicable trade regulations and could therefore serve as a tool towards the implementation of an improved Article X.

261. Regarding risk assessment techniques, UNCTAD wished to recall that the Automated System for Customs Data (ASYCUDA), developed by UNCTAD, incorporated several key Customs functions such as: management of Customs clearance process, selective examination practice based on risk analysis, monitoring of transit procedures, use of international standards in relation with documents (UN Layout Key) and with Electronic Data Interchange. All those aspects were closely linked to the review, clarification and improvement of Articles V and VIII. A document had been deposited indicating the countries where that system was present and providing a brief description of the main features of the system.

262. With respect to the points by Switzerland on coordinated and collaborative efforts in Trade Facilitation, UNCTAD wished to recall that, since the Doha Ministerial Conference, the Heads of UN agencies, through the High Level Committee on Programmes, had requested coordination among UN agencies in the area of Trade Facilitation. That request had led to the organization of six Inter-Agency meetings, the next one planned for September 2005, in Geneva. Delegations were invited to take note of the coming meeting of the Global Facilitation Partnership for Trade and Transport (GFP), on Tuesday 20 September, as well as of the UNCTAD Expert Meeting on Trade Facilitation on 20-23 September, and the Regional Workshop for LLDCs in Asia on 26 September 2005.

263. The Chairman wished to share his sense that the NG was making progress in the area of TA&CB. Members now had a clearer idea of the importance of TA&CB as well as on how to move forward on that issue. The paper by the African Group was notable. Members had to work further on the idea of a coordination mechanism, taking into account Members' comments on the need not to have duplication and not to create a "monster".

264. With respect to the way forward, he would like to propose that the full version of the Secretariat's draft questionnaire be made available to delegations, as requested by a number of Members, to assist delegations in their needs assessment. In respect of the proposed website, the intention was to live up to the commitment that technical assistance was available during the negotiation process, in addition to assistance provided at the implementation stage, and to respond to the concern that there should not be an expensive mechanism and not something that would take time to put in place. Of course, the success of that website would depend on whether there were inputs from Members. Japan had already put up what programmes they had in place and if other Members, other donors, were prepared to do so as well, their contributions would equally be uploaded on that website. There would also be links to the relevant international organizations that had activities in the TA&CB area. Those were his main proposals with respect to next steps in the work on TA&CB. If there were no objections, one would proceed on that basis.

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

265. The Chairman suggested inviting relevant international organizations, including the IMF, OECD, UNCTAD, WCO and the World Bank to attend the next meeting of the NG on an *ad hoc* basis, as provided for in the Work Plan.

266. It was so agreed.

D. OTHER BUSINESS

267. The Chairman raised the issue of the Group's next meeting and the plan for the road ahead. As the indicative list of dates shared with delegations last November only extended to the July period, and there was need to plan ahead for the coming months to allow for optimal preparations, he had asked the Secretariat to enquire about meeting facilities for the time up to the final General Council meeting before the Hong Kong Ministerial Conference. The information they had provided him with was that rooms would be available for meetings on 19-20 September, 5-6 October, 8-9 November, and 21 November.

268. Clearly, an important aspect of the NG's work in the autumn would be the preparation of the Group's report to the Hong Kong Ministerial via the General Council. At the same time, and following on from Ambassador Teehankee's statement on behalf of the Core Group at the beginning of the meeting, there was need to allow plenty of time in the autumn meetings for further assessment of all of the proposals that had been tabled, existing ones and any new ones that might still come in, as well as linkages to TA&CB and the broader issues of S&D. Following the comments that many delegations had made at the present meeting, it was suggested to do that on the basis of the Secretariat compilation.

269. What he would like to suggest was that the NG planned on holding some of its autumn meetings in an open-ended, informal setting, to allow Members to discuss the proposals among themselves openly and frankly and to make as much progress as possible in covering all elements of the substance of the mandate. If Members agreed, the NG could plan on having its meeting on 19-20 September in an informal mode, focussing on making progress in the examination and

assessment of the proposals on the table with regard to all 3 objectives set out in the mandate. One could then plan on having the next meeting on 5-6 October, in part, at least, in a formal mode, to allow delegations to make any statements they might wish formally for the record. The rest of that meeting of 5-6 October could then be used to pick up again the informal discussions on the proposals on the table.

270. He would not want to forecast what might best suit Members in November, other than to let delegations know the dates available. Members could decide on that in October, in light of how well the discussions were proceeding by then.

271. To sum up, he would therefore propose for the Group to meet next in open-ended, informal mode on 19-20 September, and in formal mode, in part at least, on 5-6 October.

272. It was so agreed.

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