

WORLD TRADE ORGANIZATION

TN/TF/W/164
11 November 2009

(09-5622)

Negotiating Group on Trade Facilitation

Original: English

COMMUNICATION FROM CHINA, KOREA, THE SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN AND MATSU, AND SWITZERLAND

The following communication, dated 10 November 2009, is circulated at the request of the Delegations of China, Korea, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, and Switzerland.

PROPOSAL ON RISK MANAGEMENT

1. Recognizing that risk management is one of the most effective approaches to facilitate legitimate trade flow without compromising the customs mandate, and taking into account Members' comments and suggestions made to the proposals TN/TF/W/140 and 148 which are previously submitted on the subject of risk management, the following textual proposal is presented by the Delegations of China, Korea, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, and Switzerland for the consideration of the Negotiating Group on Trade Facilitation.
2. Those issues with cross-cutting nature, such as national treatment, most-favoured-nation treatment, general and security exceptions, S&DT and TA/CB are excluded from the following textual proposal, as suggested by Members, they should be dealt with elsewhere in the context of the trade facilitation drafting text.

Textual proposal

1. Members shall concentrate customs control, particularly documentary examinations and physical inspections, on high risk consignments while expediting the release of low risk consignments.
2. Members shall apply risk management to customs control in connection with importation, exportation and transit.
3. Risk management shall be applied, to the extent possible, to the relevant measures including, but not limited to, pre-arrival processing, customs audit, authorized traders, customs valuation, tariff classification, and rules of origin.

4. Members shall establish appropriate selectivity criteria as a basis for identifying risks, which may include the specific commodity code, country of origin, country whence consigned [or shipped], [status of goods with regards to special requirements,] value of goods, compliance level or status of traders, type of means of transport, and trader's purpose of stay in the Customs territory.
5. Risk management shall not be designed or applied to create arbitrary or unjustifiable discrimination between Members under the same conditions or a disguised restriction on international trade.
6. [Members shall, where practicable, refer to relevant international standards and practices such as the Revised Kyoto Convention and the WCO Risk Management Guideline as a basis for its risk management.]

(Definition)

- **Risk** means the potential for non-compliance with customs and/or other relevant laws.
 - **Risk Management** means the systematic application of management procedures and practices providing customs with the necessary information to address movements or consignments on the basis of risks they represent.
 - **Customs Control** means measures applied by the customs to ensure compliance with the laws and regulations which the customs is responsible for enforcing.
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