

# WORLD TRADE ORGANIZATION

RESTRICTED

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## Negotiating Group on Trade Facilitation

### SUMMARY MINUTES OF THE MEETING

Held in the Centre William Rappard  
on 24-26 July 2006

*Chairman: Mr. Tony Miller (Hong Kong, China)*

1. The Chairman said that the meeting sought to accomplish two main objectives: (i) consider the Chair's report to the TNC, and (ii) provide delegations with an additional opportunity to advance the Negotiating Group's (NG) agenda - both in terms of offering new input and reacting to the contributions previously received. This was where he would like Members to focus on, as he saw more benefit in advancing the Group's substantive agenda than spending time on stock-taking obligations. Members would also again be invited to issue the customary ad hoc invitation to relevant international organizations to attend the next formal meeting.

2. The agenda was adopted.

A. CONSIDERATION OF THE CHAIRMAN'S REPORT TO THE TNC

3. The Chairman invited delegations to consider his report to the TNC. Copies of the relevant text had been circulated as JOB(06)/228. Looking at the document, Members would find it to make three main points:

(i) There had been significant advances in Members' work, thanks to the continued efforts of everybody on board. Members had moved from presenting and discussing initial proposals to an intensified stage of refinement and consolidation which enabled a first delineation of common ground. They had done that in an exemplary spirit of constructive exchange and cooperation, demonstrated by the impressive number of co-sponsorships which had become the norm rather than the exception. This progress was also reflected in the Secretariat's compilation document, whose ninth revision evidenced Members' substantive contributions on all elements of the mandate - many of them already in textual-form - and which disclosed the impressive track record of the Group. The document had come to be the basis of Members' work, both in terms of what had been achieved so far and where one needed to go from there.

(ii) At the same time, Members clearly had a significant amount of work still ahead of them. That was why his report spoke of *work in progress* when referring to the compilation document and the reason for its emphasis on the proposals marking *progress* as opposed to *agreement*. And that was also why there was reference to it being without prejudice to Members' right to put forward new contributions. It reflected the reality of this not being the end of the process, but rather an interim assessment, with the door remaining open for additional input Members might wish to make.

(iii) The third message was perhaps less visible and more indirect. He did not want the report to be a major road marker but rather saw the Group continuing its core negotiating business and spending its time not on "mile-stone language" but on the substantive work that had to be advanced.

4. That was what his report sought to capture. And that was what he wished Members to consider. As a Chair's report, it was obviously presented on his own responsibility. At the same time, he firmly believed in the Member-driven and agreement-oriented tradition of the Group which he saw as a key to its success. This was why he wished to share the report with Members and why he had wanted to make its consideration an item on the agenda. With those words of introduction, he would open the floor for reactions on his report.

5. The Chairman said that the discussions on the matter, by their absence, seemed to have come to an end. He appreciated the fact that no delegation seemed to have any objections to his report.

#### B. CONTRIBUTIONS ON THE AGREED AGENDA OF THE NEGOTIATING GROUP

6. The Chairman said that delegations were invited to make additional contributions on the agreed agenda. Work on its various elements had continued since the last session, resulting in a number of additional contributions. Most of those papers had reached the NG at a rather late stage, leaving delegations with little time to prepare. That was why he wished to provide for informal reaction time, allowing Members to freely raise questions and obtain clarification at the unofficial level when discussing those contributions for the first time. The NG had already adopted that approach at its last meetings with positive results.

7. This informal exchange would then be followed by a formal one, providing Members with an opportunity to present statements they wished to make for the record, both with respect to new submissions and proposals previously received. This practice avoided repetition and allowed for a focus on each paper without having to engage in a complex set of jumps from formal to informal mode and back again. He wished to maintain the previously applied arrangement where presentations of proposals were considered formal despite taking place under the informal chapeau. The initial reactions to those papers would remain informal and therefore off the record.

8. Another – more recent – tradition he wished to continue was an emphasis on the issues of technical assistance and capacity building (TA&CB) and Special and Differential Treatment (S&D). Contributions on them would therefore be taken up first. After that, the NG would address the GATT Article-related submissions. Time would also be accorded for input from the participating international organizations. With those words of introduction, he wished to move into substance and into informal mode.

9. The representative of Paraguay introduced communication TN/TF/W/137, on behalf of Armenia, Canada, Chile, China, Ecuador, the EC, Georgia, Guatemala, Honduras, Japan, the Kyrgyz Republic, Mexico, Moldova, Nicaragua, Pakistan, Peru, Sri Lanka, the Dominican Republic, Switzerland, and Uruguay. The communication was based on the elements contained in submissions W/31, W/82 and W/95 as well as on the ideas which had been expressed in the framework of the many meetings which had been held with a view to preparing and improving document JOB(06)/221, which had been presented at the last informal meeting of the NG.

10. The new contribution picked up to a great extent the text contained in JOB(06)/221, while also introducing some modifications in response to requests of delegations which had been made in constructive spirit in the context of meetings the co-sponsors had organized with a view to exchanging ideas on the suggested mechanism. The presented third-generation text intended to contribute to the fulfilment, in time and in form, of the requirement of the Hong Kong Ministerial Declaration to move towards negotiations based on text. The sponsors of the proposal were convinced that despite their

differences, trade facilitation brought gains to all Members. That was the common denominator which prompted a large number of delegations from the developed and the developing world to seek a valid, fair and balanced response to the question of how to ensure that S&D and TA&CB within the framework of the future trade facilitation Agreement would allow each Member to really enjoy the full application of the measures agreed upon.

11. The suggested architecture responded appropriately to that question for the following reasons:

12. First, it was fully in line with the modalities contained in Annex D of the Doha Work Programme and made it possible for those modalities to be reflected in the final result of the negotiations.

13. Second, it suggested a solid basis for the implementation of a special and differential treatment mechanism which was balanced and consistent and dealt in an adequate manner with the interrelationship between the elements contained in Annex D.

14. Third, the proposal offered sufficient flexibility so that each Member could take on commitments gradually, consistent with its capacities, and without having to take on commitments that went beyond its capacities.

15. Fourth, it established the basis for a gradual application of the trade facilitation commitments so that the whole Membership could arrive at full implementation of the Agreement.

16. Fifthly, it made it possible for each Member to get technical assistance so as to be able to assess its capabilities and be able to develop plans that would make it possible to acquire the capacities required to implement the measures decided upon.

17. Sixth, it governed in a concrete, rational and precise way the provision and administration of technical assistance and capacity building.

18. Structure and content of the proposed mechanism had already been explained by Switzerland when introducing JOB(06)/221. According to this presentation, the suggested mechanism envisaged two phases which took place between the signing of the single undertaking and the entry into force of the Agreement. First, the self-assessment of the capacities to implement trade facilitation obligations and second, on the basis of this self-assessment, the notification of the measures for which a Member needed more time for implementation and of the measures for which the Member was lacking capacity and would need technical assistance in addition to time.

19. As at the moment of the signing of the single undertaking the capacity self-assessment would not yet have taken place, some delegations had the impression that the sequencing of the phases would imply signing on something they did not know. While it was true that, at the moment of signing, not all parameters were known, the substance of what Members were signing on was well known. The proposed mechanism built on the idea that, at one moment in time, all Members would implement all measures. At the moment of signing the Agreement all those measures would be known. What was not known at the moment of signing was the extent and timing of the measures Members were going to implement through their own means, as well as the volume, terms and conditions of technical assistance that would be necessary to implement these measures.

20. Furthermore, the load of uncertainty about the way the negotiated obligations would be implemented was the same for all Members. While some would argue that, when signing, they would have difficulties to sell the Agreement at home without knowing when their major trading partners would implement which measure, and others would say that, when signing, they would have difficulties to sell this at home without knowing which technical assistance they would receive, the

sponsors of the proposed mechanism would argue that – all in all - the latter were better off than the former in the sense that the proposed implementation mechanism was built in a way that included a lot of flexibilities and allowed for tailor-made implementation. To achieve an overall balance for all Members, the Mechanism also foresaw that Members would take some base-line commitments. These commitments would consist of complying, from the entry into force of the Agreement, with a number of provisions. These provisions would be those which were simple to implement and would not require any technical assistance, and those which countries were currently implementing.

21. What was the purpose of the multilateral dialogue and did the sponsors need it? As the implementation of trade facilitation measures was of utmost importance to all traders, the sponsors considered it important that all Members had an opportunity before the entry into force of the Agreement to get acquainted with the implementation schedule of the other Members. This dialogue was viewed as an opportunity to raise questions and enhance the transparency in the process.

22. At the time of entry into force, all provisions with which a Member was already complying, the base-line commitments as well as those provisions a Member decided himself to comply with from day one, would enter into force.

23. As a continuation of the capacity self-assessment, Members would proceed to formulate capacity building plans for those measures they notified to require capacity building and technical assistance. These capacity building plans would be established together with the donor and, in certain cases, the implementing agency. The next step was the notification of those capacity building plans and, in particular, the indication of the time frames necessary to implement the notified measures. At that moment in time, all implementation periods of all measures contained in the agreement would be settled. The proposed mechanism foresaw that, during the implementation period, there would be a review by the committee of the progress in the implementation on a periodic basis.

24. The verification of the capacity acquisition would essentially be done by the implementing Member. But, if this was so agreed between the parties involved – the implementing Member, the donor and the implementing agency – the capacity assessment could be a joint assessment. If at least one of those parties was of the view that capacity had not been acquired, then the matter had to be brought to the TF Committee which would then review the matter on a case-by-case basis. The proposed mechanism concluded with the notification of capacity acquisition, the point in time from which the notified measure would become applicable.

25. With respect to the key elements of technical assistance and capacity building (part C of JOB(06)/221), the sponsors wished to underline that the operational part of TA&CB was dealt with most prominently during the phases of capacity self-assessment, the formulation of capacity building plans and the implementation phase. In part C, the sponsors dealt, in addition to the operational parts, with general principles regarding TA&CB. They had taken their inspiration from the previously tabled proposals and, more particularly, from W/95 tabled by the African Group. It also asked Members to handle TA&CB in a manner that was consistent with the principles of good practices of the Paris Declaration on Aid effectiveness and the OECD/DAC guidelines on Harmonizing Donor Practices for effective Aid delivery. Both references contained best practices in the field of international cooperation activities. The Paris Declaration had been signed in Paris in March 2005 by about 100 governments from developed, developing and least-developed countries. The Declaration stressed the importance of aid effectiveness and provided a certain number of guidelines on how to reach this enhanced effectiveness. It dealt with aspects of ownership, the alignment of the implementation with the partner countries' priorities, systems and procedures helping them to strengthen their institutional capacities, elimination of duplication of efforts and rationalising donor activities to make them as cost effective as possible, resulting in orientation and accountability.

26. The OECD/DAC guidelines dealt with very similar issues while being a bit more operational. These guidelines had been established taking into account the lessons learned from the regular reviews of donor practices as well as the many enquiries in a large number of developing countries.

27. The joint platform for cooperation and coordination was proposed in response to what had been suggested in communications by a number of delegations in terms of there being a need for a coordination mechanism for TA&CB. It was not a duplication of the TF Committee (TFC). Rather, the idea was for this platform to be operated by the TFC, with it however having a more focused function. It should promote international transparency, cooperation and coordination of technical assistance in the field of trade facilitation, bringing together donor Members and recipient members, relevant international organisations, regional groupings as well as any other intergovernmental organisation with a role to play. A role might also be provided for the private sector in such transparency and coordination efforts. The joint platform could also help to ensure, if necessary, the coordination of assistance between donors and recipients so that potential gaps were filled. Unlike the TF Committee, the idea was that the participants in this joint platform, other than Members, should be in a position to actively participate and interact in the discussions. The joint platform would then report to the TFC.

28. This was what JOB(06)/221 proposed in terms of content and structure of the suggested mechanism. It was a living document, as was TN/TF/W/137, which equally represented "work in progress". That was not mere rhetoric. Rather, it faithfully reflected the pluralistic and inclusive methodology that had been applied since the work began. This was witnessed by the modifications introduced in W/137 compared to JOB(06)/221 in response to a request made by several delegations. Those modifications were the following:

29. In paragraph 1, an express reference had been added to Annex D of the 2004 July package which aimed at indicating that the suggested mechanism was geared towards materialising the modalities established therein.

30. In paragraph 2 of part I, different delegations had requested the introduction of the following sentence "In particular, co-sponsors are of the view that legal aspects of this proposal need to be further elaborated in the course of the negotiations." The sponsors wished to make it general knowledge that they were working, with the help of experts, to see whether the suggested mechanism was viable from a legal point of view and, if that were not to be the case, the aspects which could pose a problem would be revised.

31. In part II, paragraphs 2 and 8, footnotes had been included stating that the rights and obligations stemming from the suggested mechanism would be extended to Armenia, Georgia, the Kyrgyz Republic and Moldova. As Members would recall, those Members had requested such an inclusion and now supported the communication as well.

32. In part II, paragraph 5, upon the request of many delegations, the scope and objectives of the multilateral dialogue was spelled out, introducing the following words: "For the sake of transparency and predictability" so as to ensure that such a multilateral dialogue did not have an inquisitive character and did not seek to oblige Members to alter their notifications. It was merely a forum where the Members could have an open exchange of views on the contents of the notifications.

33. Also, in part II, paragraph 5, it was now indicated that the notification to be carried out by the developing countries and LDCs would have to be presented one month before the holding of the multilateral dialogue so as to give sufficient time for Members to be informed on the content of the notifications made and to prepare themselves appropriately for the multilateral dialogue.

34. In part II, a new paragraph 10 had been added in which it was said that the notifications made by Members would be part and parcel of the Agreement. With this addition the sponsors sought to strengthen the binding aspects of the notifications carried within the framework of the future Agreement on trade facilitation.

35. All delegations which had taken part in the improvement of the proposed mechanism deserved thanks. The sponsors really hoped that, in the future, all delegations would continue to offer their useful and constructive cooperation. Armenia, Georgia, Kyrgyzstan and Moldova were welcome as new co-sponsors. Their sponsorship gave strong support to the work and to the negotiations. They enriched the debate which took place within the framework of the discussions of the group of co-sponsors.

36. With the formal presentation of document TN/TF/W/137, the sponsors had come to a very important stage in the work aimed at setting up an implementation mechanism for the future Agreement on trade facilitation, but their work did not stop here. On the contrary, the sponsors would continue working as much on the improvement of the suggested mechanism as on the development of aspects which, even if related to the mechanism, were not directly part of the integral stages. Such was the case for the Committee on Trade Facilitation. Within the framework of the future activities, the co-sponsors of the document hoped to be able to continue relying on the support of all Members.

37. Paraguay was particularly satisfied with the very strong support given to communication W/137. The current 21 sponsors demonstrated the clear commitment of an important group of Members, large and small, developed or developing, to globally improve the structures that serve to support trade.

38. The representative of Switzerland co-introduced W/137, adding comments on one particular issue that had been discussed at the last meeting. When discussing JOB(06)/221, some delegations had raised a few questions on the legal structure of the document. The sponsors had answered that work had been concentrating more on the content than on the legal issues and that they were aware that future work had to be done.

39. In the meantime, the sponsors had consulted legal experts and had held a meeting dedicated to the issue. However, those findings had not yet been introduced into the new document. That would be done in subsequent revisions of the communication according to the findings of the legal experts. Generally speaking, the experts were of the view that the approach taken in the communication was feasible, but that some adjustments could be useful. On the issue of "binding" international organisations into the mechanism, they found that the current formulation should be revised and that the formulation should be close to the one contained in Annex D.

40. The sponsors would continue to work on the issue and come back with a revised text after the Summer break. But the general thrust of the mechanism would remain unchanged.

41. The representative of Chinese Taipei introduced submission TN/TF/W/141, explaining that it represented a revision of earlier contributions W/62 and W/118 in third generation (text-)form.

42. The proposal took into account the comments made by Members on the previous papers and also made reference to the existing text of the TBT and Customs Valuation Agreements. It was very simple. Chinese Taipei considered it timely to really look into the details of the text proposal to establish a committee on trade facilitation.

43. Trade Facilitation was a long-term process and would need to be revised accordingly in order to achieve the same goals in the future as Members reached consensus and agreement on the

negotiations. When it came to the implementation phase, Chinese Taipei had identified some of the issues and challenges that had to be faced and tackled within the Committee.

44. The issues and challenges such as the use of international standards, the application of risk management techniques and, for example, the provision of technical assistance and capacity building were discussed in a very focussed manner now.

45. The textual proposal was divided into two parts. The first part was about how to establish the Committee. Here, it was proposed that the Committee should carry out such responsibilities as assigned to it under this Agreement or by Members. The WTO Secretariat should act as the secretariat to the Committee.

46. The second part suggested that the Committee should establish working parties or other bodies as may be appropriate, which shall carry out such responsibilities as may be assigned to them by the Committee in accordance with the relevant provisions of the Agreement. It was a very simple proposal and Chinese Taipei would appreciate reactions.

47. The representative of the Philippines introduced JOB(06)/230 on behalf of the Core Group of Developing Countries on Trade Facilitation (CGDCTF), explaining that the communication built on key elements from TN/TF/W/81 submitted by a Group of Latin American delegations, TN/TF/W/82 submitted by a group of Asian delegations, TN/TF/W/95 submitted by the African Group, and JOB(06)/221 - now TN/TF/W/137 – which had been jointly submitted by a group of developed and developing Members and presented by Paraguay and Switzerland.

48. Through the communication, the CGDCTF sought to substantively contribute to the negotiations on trade facilitation, especially with respect to implementing and making operational the mandate in Annex D of the July 2004 Framework to ensure that the principle of special and differential treatment would be fully reflected in the negotiated outcome, and to link the implementation of trade facilitation obligations by developing and least-developed Members, including low-income economies in transition, to the provision of technical assistance and capacity building support.

49. The proposal built on and revised the structure of the proposed text contained in JOB(06)/221 (subsequently issued as TN/TF/W/137) and incorporated key elements regarding S&D and TA&CB that had already been made in previous submissions as well as new elements deemed to be of importance so as to require inclusion in the revised structure.

50. The text also laid out in a preamble some general principles on S&D, taken from Annex D of the July 2004 Framework and from Annex E of the Hong Kong Ministerial Declaration. All provisions were to be incorporated into the text of a final TF Agreement as integral parts thereof. The text also contained operational provisions with respect to the classification and categorization of new TF obligations, their applicability and the linkage to the provision of TA&CB with respect to their implementation. A schematic for the text was contained in Annex A.

51. Provisions relating to the establishment and functions of a new WTO Committee on Trade Facilitation, other than references thereto, were not dealt with in the text. In that connection, the Core Group also welcomed the presentation by Chinese Taipei regarding the establishment of a Committee on trade facilitation. The Core Group proposal went into further detail on the specific technical assistance and capacity building support unit under the auspices of a trade facilitation committee.

52. The communication was, however, without prejudice to individual Member's final positions and progress in other areas of the negotiations. The trade facilitation negotiations were operating in a

special Shangri-La state, irrespective of the state of play in other areas of the negotiations. In addition, the proposal was a work in progress. Input and comments would be welcome.

53. The preamble of JOB(06)/230 built on certain key provisions of Annex D and Annex E. Special attention was paid in the textual proposal's preamble to the third paragraph relating to special consideration and attention to be provided to least developed Members.

54. Throughout the text there was reference to low-income economies in transition as a result of the Core Group's support of the intervention by Moldova at the last session regarding the need of low-income economies in transition for TA&CB. The caveat, however, was that there was some general concern that that would not lead to the creation of any new sub-categories of countries.

55. As regards the small and vulnerable economies (SVEs), they were well taken into account as part of the developing-country group. With that caveat, the reference to low-income economies in transition could be taken as part of the textual proposal, or could be addressed equally well in the proposal presented by Paraguay relating to footnoting the availability of the benefits accorded to developing countries to certain other countries, such as low-income economies in transition.

56. One of the key features he would like to draw immediate attention to was contained in paragraph 1, relating to the provisions on technical assistance and capacity building, which were meant to be immediately applicable after the signing of the Trade Facilitation Agreement. There were certainly some legal issues here, as had already been mentioned, and the Core Group welcomed any constructive approaches to ensure that all provisions on technical assistance and capacity building were indeed made obligatory and binding upon entry into force of the Agreement. They should be encouraged to be implemented even on a non-binding basis upon signing of the Agreement and prior to its entry into force.

57. The Core Group had noted the interplay of events as to when the entry into force of the Agreement would come into place upon the submission of ratifications or instruments of ratification being submitted by a certain number of Members.

58. The next element in *1bis* was the establishment of a Trade Facilitation Technical Assistance and Capacity Building Support Unit (TFTACBSU) which directly addressed the development dimension of the Doha Development Round and the particular development dimension of a future trade facilitation Agreement. Enabling the Trade Facilitation Committee or a unit within the Trade Facilitation Committee to specifically address TA&CB would be important from the perspective of many developing and least-developed countries.

59. The next stage would be the capacity self-assessment. This would be undertaken by developing and least-developed Members, including low-income economies in transition, immediately after the signing of the Agreement.

60. With respect to the notification procedure for obligations, the schematic set out on page 11 might be of benefit for the discussion. The basic understanding was that there would be a Class A of trade facilitation measures and obligations which would consist of mandatory obligations. They would be contained in a pre-agreed closed list of obligations. While the Core Group paper focussed on S&D and how TA&CB would be provided, it was very important to emphasize that the building of the TA&CB obligations was premised on the existence of a pre-agreed closed list of mandatory obligations which were trade facilitation measures that developed, developing and least-developed country Members had agreed to be beneficial and representing win-win measures that would facilitate trade and improve trade flows in order to achieve developmental objectives and respond to the needs of all countries to improve more rapidly the flow of goods through various procedures.

61. The importance of the pre-agreed closed list was that it would define for everybody what measures were involved in a future trade facilitation Agreement. Page 12 defined that there would be certain types of obligations which were Class B. Measures falling under Class B would be trade facilitation measures which, after intensive discussions and debate, would be agreed to represent win-win measures and be desirable over time, but could, for the purpose of the future trade facilitation Agreement, only be undertaken from an evolutionary perspective and would not be legally binding but would represent a best-endeavour obligation. This would have to involve a pre-agreed closed list of obligations. Therefore, discussing all trade facilitation measures falling under Class A and Class B was important from a developmental perspective.

62. Not mentioned but implied by the suggested structure was a certain type of obligation, some kind of unmentioned Class C, which would relate to trade facilitation measures and obligations that had been proposed, but that, after discussions, been considered not to fall within the ambit of a future trade facilitation Agreement. They would neither be mandatory nor best endeavour but presumed to be excluded from a future trade facilitation Agreement.

63. There were two categories of Class A obligations, both of them representing mandatory obligations that had been pre-agreed to become part of a binding trade facilitation Agreement.

64. The first category would involve immediate implementation after entry into force of a future Agreement for obligations already undertaken by developed, developing and least-developed Members which did not need any technical assistance or capacity building. There would be a sub-category of such obligations which each Member might self-determine to require a transition period. There was therefore the provision for the notification for such types of obligations which would require a transition period.

65. The second category, Category 2, by default would contain all other trade facilitation measures deemed mandatory and falling under Class A, which required some form of capacity acquisition. There was a difference compared to what had been presented by Paraguay in that regard when introducing W/137. The Core Group proposal had adopted more of the African Group approach in differentiating between measures requiring a transition period and those requiring no capacity acquisition. By default, everything else from the mandatory obligations list would automatically fall into the deferred implementation Category 2, where the capacity acquisition would have to undergo various steps, including formation of a capacity building implementation plan and a period and subsequent verification of the acquisition of such capacity. It was not exactly a completely positive list, but was not completely a negative list either. Rather, it was an attempt to balance the approaches presented in earlier papers.

66. After the identification of all measures which were mandatory and best endeavour and after the signing of the TF Agreement, the proposal envisaged the establishment of a TFTACBSU within three months of signing the Agreement. The Core Group believed that early establishment of the Support Unit would greatly assist in ensuring the entry into force of the Agreement and of the S&D and TA&CB component.

67. Also integral to the Core Group proposal was the express obligation that developed Members establish modalities for TF TA&CB (paragraph 20) and that such modalities be notified to the WTO Secretariat Specific Unit on TA&CB within a certain number of months from signing. While imposing some obligations on developed Members, this represented a faithful reflection of Annex D and an important trade-off in exchange for the entry into force of commitments.

68. The next step would be paragraph 2's requirement that capacity self-assessment by developing and least-developed Members, including low-income economies in transition, be undertaken for purposes of identifying which mandatory obligations they would self-determine to fall under Category

1. Developing countries would have identified certain mandatory TF measures to be immediately implementable or to be immediately implementable with a limited transition period.

69. There would be the counter-part provision for technical assistance and capacity building to be provided upon request pursuant to paragraphs 22 and 23. Such assistance would be provided within a fixed timeframe no later than X months from the date of receipt of the request.

70. After the self-assessment process which would identify a country's Category 1 obligations, there would be a notification procedure of Category 1 obligations which would include those subject to a transition period under paragraphs 3 and 7(i). The notification would be made to the TA&CB Support Unit. There would be a timeframe of no later than X months from the conclusion of the capacity self-assessment which would have been undertaken with the necessary TA&CB.

71. Among the Category 1 obligations that had their own timeframe and that immediately came into effect or had been identified with a specific timeframe before they came fully into effect, the more important category would fall under the requirement set out in paragraph 6 to prepare capacity building plans for the so-called Category 2 obligations. This had to start within a fixed number of months from receipt of the support from donors.

72. The TA&CB to develop the capacity building plan must be provided consistent with the paragraph 24 elements. Paragraph 24 of the submission built strongly on the elements provided in W/137. The TA&CB also had the cross-obligation to be provided no later than X months from the date of receipt of the request for TA&CB. This addressed many of the prior interventions and comments on how to assure that TA&CB would be forthcoming to developing countries, least-developed countries or low-income economies in transition making such requests. That would be the mechanism to ensure that those requests were complied with and that assistance was given.

73. Paragraph 7 dealt with the important notification of the full capacity building plan that had been developed by a Member with assistance from donor countries. The notification had to be provided to the TACBSU of the WTO's TF Committee which identified expressly the trade facilitation obligations that would become effective based on such capacity building plans.

74. The steps to be undertaken, and the specific and clear-cut implementation period had no particular time limit as this would depend on the nature of the measure being implemented, the donors, the implementation agencies involved, the TA&CB delivery benchmarks, as well as on other relevant data.

75. In response to comments relating to the involvement of international organisations and implementation agencies, a small textual revision had been inserted, building on W/137. It made reference to international organisations, to the extent feasible and possible, which covered the issue of making legally binding the phraseology in the Trade Facilitation Agreement of the WTO in relation to international organisations who were not part of the organisation.

76. In paragraph 12 and subsequent paragraphs, Members would see how the entry into force of the Agreement took place together with the implementation of the capacity building plan based on the implementation period arrived at in consultation with the Members involved, starting within X months from receipt of the donor support. The TA&CB to implement capacity building consistent with paragraph 26 would be provided no later than a certain number of months from the date the request was received.

77. Paragraph 13 provided for periodic reviews of the implementation of the capacity building plan. Paragraph 14 contained the all-important verification of capacity acquisition at the end of the implementation period. Also here, it was not a matter of automatic time limit expiration. Rather, the

actual verification of the capacity acquisition was arrived at after discussions within the group as well as a reflection of many interventions made at previous meetings relating to the need to verify capacity acquisition rather than mere expiry of time limits for the implementation period.

78. In paragraphs 15 and 15*bis*, there was a provision similar to W/137 regarding the possibility of a continued lack of capacity as determined by implementing Members which would trigger certain forms of Secretariat assistance and verification as well as a report and recommendation by the WTO to the Committee on TF for appropriate action. Here, again, there was provision for a specific time limit of X years and months for such a verification procedure.

79. Then there was a requirement to notify the TA Committee Support Unit of the acquisition of such capacity for the so-called Category 2 obligations no later than six months from the date the capacities were actually acquired at the end of the verification process. The notification should include a date for the start of the implementation of the Category 2 obligation. To balance the interest of developed and developing-country Members and those still acquiring capacity, there was an automatic presumption of capacity acquisition within six months after the verification of such acquisition irrespective of the provision of the notice if there was a failure to provide the notice six months after the end of the capacity building implementation period.

80. Thereafter, the Category 2 obligation took full effect and dispute settlement provisions would become fully in force and effective with the caveat that, on first instance, DSU utilisation was only a last resort after consultations, good offices, conciliation or mediation mechanisms had been attempted. There was also the caveat that developing or least-developed Members, including low-income economies in transition, shall not be brought by any other Member to dispute settlement proceedings under the Dispute Settlement Understanding in order to enforce compliance with obligations that such developing or least-developed Members, including low-income economies in transition, were not yet obliged to implement.

81. Paragraph 11(ii) dealt with the structure, architecture and applicability of TF obligations immediately applicable upon the entry into force of the Agreement but relating to a closed list of trade facilitation measures. Paragraph 11(iv) equally set out a closed list of obligations that had to be defined in order for the type of architecture to be effective and operational.

82. Paragraph 11(v) was devoted to least-developed Members who should not be required to implement any of the obligations under sub-paragraphs (ii), (iii) and (iv) unless their requests for the provision of TA&CB support during the course of the negotiations, including prior and up to the signing of the Agreement was provided and there were clear provisions for LDCs relating to special attention and priority for TA&CB after the signing and entry into force of the Agreement, including, but not limited to, the provision of an additional time period as appropriate.

83. With respect to the Joint Platform for Cooperation and Coordination which also picked up from W/137, this was work-in-progress. It was meant to be a constructive contribution to the work already done by the group that had presented W/137 as well as to the proposals of the African Group, the ACP countries as well as the group of delegations who had presented W/95. Any suggestions or comments to further improve the submission would be welcome.

84. The representative of Korea presented proposal W/138 on behalf of Korea and Singapore. Since the proposal had already been circulated as an advance copy and discussed, he would mainly focus his introduction on the improvements made based on Members' comments. The role of a Single Window had been clarified. The Single Window would only be in charge of the distribution of data received from traders. The new proposal excluded the coordinating role of the Single Window which had been proposed in an earlier version to alleviate Members' administrative burden. Secondly, a second bullet was inserted as a new provision. It prohibited participating

authorities and agencies from re-asking for documents or data from traders after they had already been submitted to the Single Window. With that provision, traders' rights were more clearly guaranteed. Lastly, reflecting on other Members' comments on the need for some flexibility in adapting the Single Window, the provision in the sixth bullet had been newly inserted in order to guarantee that the Single Window was introduced in a progressive manner, taking into account each Member's administrative capacity.

85. The representative of Korea introduced a proposal on risk management (TN/TF/W/140) on behalf of Switzerland, Singapore, Chinese Taipei and Korea, expressing his appreciation of Singapore having decided to co-sponsor it as well.

86. In preparing this third generation proposal, the sponsors had tried to improve the earlier second generation proposal TN/TF/W/99, reflecting other Members' comments. The proposal identified the minimum common denominator or common features of various possible risk management systems. As many Members had mentioned in prior meetings, it was not easy to identify what could really be Members' obligations concerning risk management. It was true that risk management encompassed a wide range of measures and there were variations among Members with respect to applying risk management techniques. It would not be possible to harmonise the risk management systems Members adopted. Therefore, what was proposed was to establish, through WTO provisions, some minimum basic features that should be common to all Members' risk management systems.

87. There were two key denominators that Korea proposed as Members' obligations. These were specified in the first and second bullets of the text proposal. First, the authors proposed the establishment of a risk management system where Members concentrated on the examination of higher risk goods and facilitated the movement of low risk goods.

88. Secondly, it was proposed that, in applying risk management, Members should apply appropriate selectivity criteria. Examples for possible selectivity criteria were listed in the third bullet.

89. In addition to the two key common denominators, it was also proposed in the fourth bullet to use relevant international standards where applicable. The Revised Kyoto Convention and the WCO Risk Management Guidelines were examples in that context.

90. The fifth bullet proposed that risk management procedures should not be used as or have the effect of creating disguised discrimination and obstacles to trade. This provision was particularly important since unfair, discriminatory application of risk management techniques could impose unnecessary extra burdens on traders. Some Members had raised concerns in prior meetings about the use of the word "disguised" in the legal context. However, it was a commonly used term in other WTO provisions, such as, for example, in GATT Article XVI.

91. The last bullet specified the possible areas where risk management procedures could be applied. Pre-arrival processing, post-clearance audit and authorised traders were some of the examples for a possible application.

92. The representative of China introduced a proposal on post-clearance audit submitted by Korea and China (TN/TF/W/134), explaining that it built on a previously submitted proposal (TN/TF/W/49).

93. With the rapid growth of international trade volumes and traders' demands for facilitation measures, customs authorities were confronted with pressures of how to balance effective control and limited administrative resources and to guarantee customs compliance while providing facilitation. It was a critical issue to be tackled. Post-clearance audit was one of the practical matters to address the problem. It was one of the integrated parts of customs risk management. In China's customs

experience, adopting post-clearance audit in practice could be beneficial both to customs and traders. It not only contributed to efficient fulfilment of customs control, reducing administrative expenses and providing chances of reviewing traders complying with the customs requirements, but it also allowed traders to enjoy the benefits of accelerated exit clearance, lowered trade costs and a better trade environment.

94. With the adoption of post-clearance audit, customs officials were entitled, after the release of the goods, to examine account-related books and records, customs clearance documents, relevant commercial documents, etc. as well as import and export goods kept by companies involved directly or indirectly in international trade.

95. There were two methods to implement post-clearance audit: regular audit and targeted audit. A regular audit was conducted on a regular basis according to auditing programmes set forth by customs which focused on companies' internal accounting and management. A targeted audit was performed on the basis of a risk analysis and assessment focussing on selected traders and commodities with high risk.

96. The results of post-clearance audit were fed back timely to the relevant customs unit for the purpose of analysis and for taking further actions to ensure effective customs control. If the results were positive, facilitation measures were granted to the compliant. Otherwise, penalties would be award to the non-compliant.

97. It was understood that measures similar to the ones proposed possibly existed in Members' customs practices. China's and Korea's proposal did not constitute any prejudice to existing or further proposals on the matter.

98. The representative of Korea co-introduced the proposal, saying that post-clearance audit was very important in that it made risk management operational. It was a good example of risk management in practice.

99. The first bullet of the proposal addressed post-clearance audit carried out on the basis of risk analysis results. The targeted audit system mentioned in the second paragraph clearly showed that it was performed based on risk management.

100. As a co-sponsor of the proposal, and the proposal on risk management, Korea wished to emphasise that risk management was closely linked with other trade facilitation measures such as post-clearance audit, authorized traders system and pre-arrival processing. For the successful implementation of risk management, the application of the proposed measure in this area was very important.

101. The representative of Canada introduced proposal TN/TF/W/136 jointly submitted by Canada and Switzerland. It was based on an earlier submission on the matter (TN/TF/W/84). What the sponsors tried to achieve was to have a commitment that would require Members to allow importers to obtain the release of a good prior to meeting all the requirements if they provided a guarantee in the form of a surety, a deposit or cash; some kind of instrument that provided the importer with the possibility of releasing the good while the customs authorities had the possibility to secure that the importer, even if he obtained the release of the good, would subsequently meet all the Member's import requirements.

102. Paragraph 1 set the standard. However, there were circumstances where, even if an importer was ready to provide a guarantee of a monetary kind to obtain the release of a good, a Member should be authorised to not permit the release of the good. The proposal contained a footnote explaining

those circumstances. The sponsors saw this in the context of an Agreement of trade facilitation where the provisions of GATT Articles XX and XXI would apply.

103. This would cover most circumstances, including those that related, for example, to ensuring the enforcement of measures related to sanitary and phytosanitary measures or requirements or requirements related to technical standards. If, for example, an importer wished to import a good, and there were questions on the part of the custom authorities whether the good constituted a danger or represented a challenge in terms of safety, everybody would recognise that it was legitimate for a customs authority to not authorise the immediate release of the good even if a guarantee had been provided until that administration was fully satisfied that that good met all the safety requirements.

104. Paragraphs 3 and 4 of the proposal essentially provided a bit more specificity as to some of the broad principles that should govern the system to be put in place by Members. The guarantee should be essentially limited to an amount recently calculated to ensure compliance with a Member's import requirement. If, for example, for the import of a widget, valued at \$100, Members imposed a guarantee of \$1 million, it might exceed the reasonable level. Having some disciplines to limit it to what was reasonable in ensuring import requirements, including payment of duties, was therefore useful. The fourth point was that, once the guarantee was no longer necessary, it should be cancelled.

105. The representative of Switzerland co-introduced the proposal, explaining that the second paragraph was meant to be for special cases. Examples for Switzerland were instances of strong suspicion of a consignment containing counterfeit. In those cases, it was not allowed to release the good before the matter had been addressed. Other examples included situations where important documents were missing such as certificates for endangered species or endangered goods. All of them were very specific and limited cases. The paragraph did not mean to allow the release of goods in a discretionary manner or based on discretionary criteria.

106. The representative of Korea introduced proposal TN/TF/W/139 on the issue of release times of goods. Since the proposal had already been circulated as an advance copy and discussed before, the presentation would concentrate on the improvements made ever since.

107. In the first bullet, a new phrase "in a consistent manner" was inserted to ensure objective and consistent measurement. Secondly, the WCO Time Release Study was mentioned as the only international instrument as a basis for this measurement. At present, the WCO Time Release Study was the only comprehensive and widely-accepted international guideline suitable for this purpose. It provided the necessary flexibility to address implementation concerns expressed by Members such as on the scope of a measurement. Comments and input were welcome.

108. The representative of Pakistan introduced document W/135, saying that there were positive things happening in Pakistan, such as its GDP growth. Last year, it had amounted to 8.4 per cent, the second highest after China. This year, it had been over 7 per cent. That had been happening the last three or four years. One of the reasons for that was Pakistan's exceptional rate of growth in trade volumes. It more than doubled in the last four years. The background for that was Pakistan's engagement in the area of trade facilitation and what it had achieved over the last four of five years in that area. The person who would be covering the remaining part of the presentation had conceived the project and carried it through.

109. Pakistan was happy to avail itself of this opportunity to share its experience regarding customs reforms and automation in Pakistan. In Pakistan, the structure was such that it involved the Ministry of Finance and the Central Board of Revenue. The Central Board of Revenue collected essentially four taxes, customs, sales tax, income tax, and federal excises. About 72 per cent of federal receipts were collected by customs at the import stage. This did not mean that it was all customs duty, but inclusive of other taxes, like sales tax and income tax. Therefore, of the USD11.83

billion that were collected during the current year for tax receipts, USD8.51 billion were collected by customs. Like all other customs administrations, Pakistan enforced a number of other laws besides its own. In the case of Pakistan, 27 other laws were enforced by customs.

110. Like any developing country, Pakistan had carried out a self-analysis before going into automation. There had been multiple windows for everything. For example, a vessel calling into Pakistan had to file 27 different documents to 8 various government departments including three offices of customs. For a cargo clearance, there were numerous customs offices, depending on whether one was importing or temporary importing. Therefore, the client had to decide which office to go to. There had been a complete paper environment and not a very effective database. The clearance procedure had been very complex. Every goods declaration that was cleared by customs had to have 34 signatures and 62 verifications. Multiple copies of paper, along with multiple mandatory documents had to be submitted and each declaration had to be carried from desk to desk by the declarant. That led to numerous problems, including in the area of integrity.

111. With respect to clearance speed in terms of the time the cargo was spending at the port before it was released into the economy, 50 per cent of the cargo would leave the port by the eleventh day after it had arrived into the country, which had a huge repercussion on the economy. Just-in-time inventories, etc., were just not possible. Business had problems. In terms of customs clearance times, in the sense of the time for which purely customs was responsible in that the filed document was completed, by the fifth day after the document had been filed to customs, 50 per cent of the declarations were being cleared. Therefore, Pakistan realized that it had to do more.

112. The country had had a fragmented kind of a customs. Various customs offices had, by and large, their own systems, had at times their own software. As a result, one could get different values at different customs stations, and slightly different procedures. There was no integrated system. Every time one needed some statistics, it took a very long time to find out what had really happened. And, most of the time, there was no sharing of information between various customs formations. There had also been certain integrity issues.

113. In February 2002, Pakistan decided to embark on a serious customs reform and automation program and set up broad principles for itself in that regard. Pakistan had thought that, since it would be doing customs reforms in 2005/2006, Pakistan must create a system that was absolutely paperless. It had to be web-enabled, it should be on-line with all domestic stakeholders in the supply chain, and on-line with domestic regulatory authorities and advance information of cargo, crew and passengers. Pakistan had to have a risk management system. Pakistan thought that nobody knew customs better than customs itself. Therefore, the initiative must come from customs itself. It was a pretty tall order at that time but Pakistan decided to start working on it.

114. So, from February 2002 for about four years, Pakistan worked on the system developing new business procedures, legislation, an enabling environment, software, hardware, sites, construction, training of people, and on 23 March 2005, Pakistan launched PaCCS. To date, Pakistan had a single window. The 27 different paper documents going to various departments by vessels were a single electronic document, filed over the web with a machine then throwing those bits of information to the servers of other departments that needed that bit of information.

115. Detailed meetings had been held with various other stakeholders and it had been decided what it was that Pakistan really needed and what it did not need. Things were simplified. For cargo clearance, it had become a single electronic document, available on the Web. One could file it from anywhere in the country. All one needed to know was the Web address of customs. It was a paperless virtual environment. That meant that, from any part of the country, it was a virtual collectorate. One could interact with customs and get the work done. It was a self-assessment.

116. As for clearance speed, 70 per cent of the declarations filed to customs were cleared within five minutes. 84 per cent were cleared in less than thirty minutes and only 7 per cent of the declarations needed more than 24 hours to get cleared. If Pakistan compared the new automated process with the one it had earlier, it saw that it was able to finish work much quicker to date. By the time one had started, one was almost finished.

117. The system was an integrated one. All shipping lines, exporters, clearing agents, terminal authorities and various customs offices nationwide were connected to the single servers. As a result, all licensing, warehousing and related facilities were happening on-line in real time.

118. The biggest real breakthrough Pakistan had been able to make was in terms of integrity issues. They just disappeared. It was something Pakistan was very happy with. It was amazing. For businesses, it had reduced the cost of doing business. Just-in-time inventory was possible. A lot of trade and industry was strongly supportive of PaCCS because the extra inventories they had had to maintain for ten or fifteen days had come down to three or four days within one year of operation. It had also reduced clearing agency charges. Before, the clearing agent used to charge a percentage of the value of the consignment as their clearing agencies charges. That had simply become a flat rate because they just had to name a HS code and an exemption.

119. Handling expenses had been reduced as well. Pakistan had had a 100 per cent examination and assessment regime. No container left the port without being interfered with and assessed by customs. Due to the introduction of risk management system for purposes of imports, Pakistan's examinations had dropped to four per cent. For purposes of exports, Pakistan's examinations had dropped to two per cent from 100 per cent.

120. The port charges were equally lower. There was no unreceipted expense and there was better cash flow for the trade because they got their cargo out faster and when they were exporting, they got their duty drawbacks faster, allowing them to improve their cash flows. There was also more predictability and transparency. The procedures were simplified. When creating PaCCS (2003-2004), Pakistan had been mindful of the need to create a system which would in future be compatible with ISPS, CSI, and IC3 initiatives that would be coming in the future. Therefore, efforts had been made to standardize it. Pakistan took the revised Kyoto Convention and tried to build on it. As a result, almost everything had become standardized. There were only a few things left. Essentially, what made the process work and what represented the basic backbone of the system was an integrated tariff. Before, there had been a customs duty and a sales tax for every HS code. Pakistan's current tariff system had the entire regulation of the government against every HS Code on a single sheet. That sheet was available to the public on the Web. That was the basic enabler that allowed to perform that kind of automation so that declarations could be filed that fast. The problem with creating TARIP, which was probably one of the toughest things Pakistan had to do in the context of the reform, was that it took a lot of time to translate all the countries' laws against HS Codes and put it on a sheet. By the time one had done that, it was already outdated. Therefore, the only way to maintain such a structure was to bring all regulatory authorities onto the same server, so that, whenever they were changing the law, the changes were reflected in real time. Otherwise one could not maintain it. That was something Pakistan was still struggling with because not all government departments were very good with HS codes and translating all their policies versus HS codes required continuously supporting other government offices. But Pakistan had brought them all on the same platform. They had user IDs. Therefore, whatever they were doing, they were doing it straight from their offices into the system and whatever they did not understand could be helped with. One had to connect with the terminal operators. They were very happy with that because they had certain real estate and when 100 per cent of the consignments had to be grounded and examined they had very little utility and their three ports were limited. Therefore, when examinations or interference by customs to cargo was reduced to 4 per cent from 100 per cent, the three ports dynamically increased. As a result, the terminal operators were very happy with that as were the shipping lines. ACCESS was the rest of the

system. It was were one was doing things like goods declarations, payments and the like. The banks were on-line.

121. When speaking of an integrated tariff, was what really meant was an integrated policy. It was the complete picture of regulations for imports and exports into Pakistan, covering import tariff rates, the duty drawback rates. If one connected to Pakistan's site and went to TARIP – it was available to the public. If one wanted to know anything, one could search it. For example, if one wanted to import 2901 into Pakistan and find out what would be required, the system would show all 2901 items. The system allowed to select the commodity and was therefore a good tool for planning. The system provided information on things such as customs duties, sales tax, advance income tax or mandatory document requirements. In case the authorities needed something from the applicant, he would be contacted. The system also showed the details required in the declaration. There were some things which would automatically pop up as according to the HS Code as soon as a declaration to customs was filed. For example, if one wanted to import a car, the system would ask for engine numbers, chassis numbers, etc. It would ask for priority and grade. It would further ask for the physical form, whether it was empowered or not. For each HS Code, this was the information that would have to be presented. The general restrictions were nil.

122. With respect to import conditions, the system showed exemptions. For instance, if one was importing something from China, it would list the exemption of customs duty under this exemption scheme. If one clicked this, one could read the scheme and check whether one qualified. The complete information about any HS Code, whether for imports or exports to or from Pakistan, was available. All of that was happening in real time. The system updated itself all the time as changes came in.

123. With respect to INTRA, one could not maintain that kind of a structure unless one got all regulatory authorities onto the same platform. This was a structure by which everybody was on-line and working on-line. So far, in the last year since the system had become operational, 90,343 goods declarations had been cleared.

124. In terms of revenue, Pakistan had collected over 30 billion rupees, that was about USD500 million. Pakistan had cleared 222,675 containers with the total number of on-line users of the system having been 13,700 across the nation.

125. As for lessons learnt, through the reform process, Pakistan learnt not to try to re-invent the wheel. It was better to learn from other people from what they had already done and try to adopt the best international practices. Pakistan had always been looking at them whenever legislative changes were needed. Pakistan was always looking at New Zealand's customs act and tried to adopt things from there. Pakistan had very keenly followed over the past 2-3 years the CMR as it was being created by the Australians. The basic guiding light was the revised Kyoto Convention. While Pakistan was looking at everybody else, it always aimed for the standards of the revised Kyoto Convention. The other lesson Pakistan had learnt was that automation was more than putting a PC on each desk because most of the time that enhanced just customs controls but not facilitation because one was just adding another process to an already complex process. One had to do much more than just put a PC on the table. It had also proven not to be useful to look at the existing law and then try to create a business process. Rather, a business process had to be created before the law was written. As a result of this, Pakistan changed one-third of the Customs Act in 2003-2004. There had been a tremendous number of rules that had changed as a result. Another lesson was not to change the team during the game. Pakistan felt that, especially in developing countries, there was a problem with continuity. In Pakistan, the reform had been driven by the same team from its conception to the implementation, including the software development. Consultations had proven to be essential as well. Much had been learnt from the shipping lines and the terminal operators. Pakistan had actually learnt the shipping business itself to design a suitable system. No-one knew customs more than

customs itself. Therefore, the initiative had to come from in-house. It was also essential to adopt best practices.

126. As for the future, Pakistan planned to roll out the project. Currently, it was a pilot project. Pakistan essentially had three gates through which all cargo flew in at the three container terminals. The pilot project had been working for the past one year on one container terminal. On 14 August, the project was rolled out to the other two container terminals. PACCS would be handling about 60 per cent of the country's cargo. By June 2007, Pakistan intended to extend it to the airports. As a result, Pakistan was now working on getting advanced passenger information and manifests from airlines as well. Pakistan was also working on G-to-G communications. Pakistan had recently signed an agreement with the United States. In terms of IC3, Pakistan was now working on the possibility of inter-machine communication. The moment a container entered into a Pakistani port with the destination of the United States, machines could actually talk to each other. Pakistan was able to provide them with whatever information they required so they could risk screen it at their end and make it an integrated system. Pakistan was also negotiating with the Government of China to start a customs communication so that their export information could be shared.

127. To log on to the system, no special arrangement was necessary. By way of example, he would provide delegations with an online demonstration. One could see from the screen that Pakistan had received advance cargo information. Looking at the vessels that would be calling to Pakistan the next day, one could see that information had been received straight from the shipping lines. Since there was an EDI connection with the terminal operator, the information was updated in real time, the moment the vessel touched the port. Although the legal requirement was only to provide the information twenty-four hours in advance, most people were giving information days in advance because it was actually much more convenient for them. They just threw XML messages from wherever their offices were in the world once they had booked their cargo.

128. Since Pakistan had this information in advance, Pakistan's system started a risk assessment on it and by the time the vessel arrived, a machine passed those handling codes for the risky consignments to the terminal operator. Customs was operating 24/7. Therefore, the moment each box came off the port, if there was an examination request, the shipment was straight away grounded by the terminal operator. The moment it was grounded, Pakistan knew that the box was at a particular location and the work was allocated to a customs person who then checked the box.

129. Pakistan had passed legislation whereby any box coming into Pakistan had to have a copy of the packing list and invoice inside the container. This made examination of the container possible at any time. It was not necessary that a goods declaration had been filed. Whenever a shipment was deemed risky, it would be inspected. Since this interfered with the supply chain at places, an alternative had been given by Pakistan to people who felt that this was causing undue hardship in their supply chain. There was a site where the supplier could just provide that information electronically without the requirement of interfering with the container. The system provided images of the packing list and invoice in case a goods declaration had not been filed yet. When the goods declaration would be filed, Pakistan already knew things like the exact quantity and the value. The machine would simply compare if the trader was saying the same thing Pakistan was already aware of. That was how it was possible to release 70 per cent of the consignments within five minutes of them being filed to customs.

130. The representative of Barbados re-introduced proposal W/129, informing that there were additional co-sponsors. In addition, a few minor changes had been made, leading to the circulation of a revision with document number TN/TF/W/129.Rev.1.

131. Members would recall that, at the last informal session of 10 and 11 July, Barbados had presented W/129 on behalf of the Small and Vulnerable Economies (SVEs) of Papua New Guinea,

Solomon Islands, Fiji and Barbados. It had been said that the submission had been crafted along four main areas: (i) an introduction to some of the constraints which SVEs might face; (ii) the suggested legal drafting language; (iii) ideas for S&DT; and (iv) specific suggestions for TA and CB which would be necessary to implement the possible obligation for national and/or regional enquiry points. It had been noted that all of the current co-sponsors had also supported the ACP paper on CB and TA and proposal W/129 should also be read in light of that. However, it was as important to present ideas on specific suggested obligations as it was to deal with the structure of a possible TF Agreement which was why the co-sponsoring SVEs had decided to table a paper on a particular issue at that juncture.

132. The sponsors had asked the TFNG to examine the proposal from three angles: that of the specific issue of enquiry points; the regional approach to the implementation of enquiry points and the provision of TA and CB from a regional perspective; and whether there might be other possible obligations where a regional approach could be adopted.

133. On the first issue, there seemed to be some recognition within the NG that enquiry points could be a useful and practical initiative which would serve the interests of the host country and the region and those governments and traders seeking information on the TF structure of those countries. It could help to enhance transparency and predictability and increase knowledge of the practices and expectations of governments and traders.

134. Despite those recognised benefits there were some considerations that must be taken on board. This was where the current proposal for a regional approach to the implementation of enquiry points- as an option- became relevant.

135. The current negotiations on TF had the possibility to go beyond the strict and sometimes academic view of trade reality which plagued some of the other longstanding negotiations currently conducted. The TF mandate and the discussions held since 2004 had recognised the constraints for certain developing countries and the need for a great degree of TA and CB to assist with the implementation of any possible recommendations. This practical approach must be further widened to the issue of whether all of the suggested proposals for a TF Agreement were suitable for implementation by all countries. In the Caribbean, there were many countries with populations below 100 000 people and with only one or two points of entry. It was feasible and economically logical to conclude that there could be scope for some of those countries to forego some TF obligations when seen through the prism of a cost-benefit analysis. There had to be a careful examination of the types of obligations which would lend themselves to a regional approach as there were clearly some obligations which should be taken up by all WTO members.

136. The central thesis in the proposal was that if these SVEs or developing countries were involved in a customs union (such as that in the Caribbean) or in an RTA and FTA, there should be an option- a flexibility- to adopt certain measures at the regional level either within the scope of an existing regional institution or the creation of a new body to implement. As the WTO was an organisation of members, the obligations, whatever they might be, would remain with the individual WTO member and not with the Customs Union or the regional organisation.

137. In the case of enquiry points, the case for a regional approach as an option was clear and practical. In the CARICOM, which consisted of a number of small economies with a small population and limited capacity, both financial and infrastructural, it might be better to have a single regional enquiry point where the customs legislation and procedures of all members of the customs union were collated and made available upon any request. This did not preclude individual countries from developing national enquiry points but simply attempted to be both forward looking and flexible in affording small economies and other developing countries in similar situations the possibility of pooling resources and capacity and developing a regional mechanism to provide information and

respond to queries. The proposal also suggested that if a country was part of this regional enquiry point system it would be under no further obligation to develop a national enquiry point (unless it chose to do so).

138. A number of the SVEs had tabled similar proposals on TBT, SPS and TRIPS, recommending a regional approach to notifications, analysis etc. and those had been favourably received. The sponsors of W/129 therefore suggested the following language which borrowed from the previous submissions by other delegations on the subject as well as from the aforementioned proposals by SVEs: "Establish enquiry points at the national level or in the case of SVEs/developing countries involved in a Customs Union, FTA/RTA, the option of the establishment of enquiry points at the regional level, to provide relevant information on trade procedures to trade." Members and the WTO, within its competence, shall provide technical and financial assistance at mutually agreed terms to SVEs/developing countries to support the establishment, modification and maintenance of these national and/or regional enquiry points.'

139. As recommended, the sponsors had put forward some ideas for S&DT such as the need for longer implementation periods to implement any requirement on enquiry points. They had also developed some ideas for TA and CB and saw the possibility of this assistance being targeted at both the national and regional levels, given that the respective countries party to a Customs Union or RTA/FTA must still have the capacity to be able to service and benefit from a regional approach. Those were suggestions based on what the co-sponsors envisaged to be required to effectively adopt national and/or regional enquiry points.

140. The co-sponsors had indicated their readiness to remain open to discuss any concerns or suggestions other delegations might have but had also asked the NG to see the proposal in light of the SVEs Work Programme, the TF mandate and, more importantly, as a possibility to confront the recognised capacity limitations of some SVEs and developing countries.

141. The paper had found additional authors from the OECS countries in the Caribbean since its first introduction. It was now co-sponsored by Antigua and Barbuda, Barbados, Dominica, Fiji, Grenada, Papua New Guinea, the Solomon Islands, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.

142. The changes in the Rev.1 document were very minor. In paragraph 5 of the proposal, second line, the terminology "governments" had been changed to "Member states". In paragraph 8, first line the word "might" was changed to "should". In paragraph 10, a new bullet 2 had been added under the proposals for technical assistance and capacity building requirements. The main idea, the possibility of a regional approach to trade facilitation with specific reference to enquiry points, remained the same in the latest revision.

143. Thanks were due to the World Bank, the Caribbean Regional Negotiating machinery and the EC for the funding and organisation of a seminar which was held in Barbados from which the ideas for the document emanated.

144. The representative of St Kitts and Nevis co-introduced the proposal, echoing the words and sentiments expressed by Barbados. For small economies like St Kitts, the proposal was particularly important. As Members knew, small economies suffered from lack of adequate resources for full implementation of obligations which might flow from the Agreement on TA. The co-sponsors were aware of the benefits to be reaped from implementation and had therefore presented the proposal which would allow for the pooling of resources directed at bridging capacity gaps arising out of the implementation of the Agreement. The proposal was a simple one, but very important and worthy of support.

145. The Chairman moved the meeting back into formal mode, offering the floor to delegations wishing to make statements for the record.

146. The representative of Ecuador said that there had been important progress in the negotiations under the single undertaking concept, the objective of which was to facilitate trade among Members with clear, transparent and predictable standards in the context of Annex D, which contained the framework of modalities for the work of the NG.

147. An important element in the negotiations was the dispositions on S&D and TA&CB for developing countries. In that respect, Ecuador had co-sponsored the proposal made by several Members on the implementation mechanism which enabled developing countries to comply with the norms adopted in those negotiations.

148. Ecuador wished to make some preliminary remarks on the proposals presented by the EC and Chinese Taipei on the subject of pre-shipment inspections.

149. The main proposals on the subject were contained in documents TN/TF/W/46 of 9 June, TN/TF/W/90 of 4 April and TN/TF/W/108 of 6 June 2006, which sought to clarify and improve the understanding of Article VIII of GATT 1994. Ecuador shared the assessment expressed in those communications that a key aspect in determining the validity for using pre-shipment inspections or equivalent measures lied in the effectiveness of dispositions on S&D that would be adopted in the future under the Trade Facilitation Agreement.

150. Ecuador currently had five companies that provided pre-shipment inspection services through contracts between the state and the private company. That had been a dissuasive factor to prevent bad business practices and, more generally, had facilitated foreign trade. Activities flowing from those services were monitored and audited by customs and were subject to observation by other oversight bodies, which ensured the accountability, the procedures and the results.

151. The room document of the International Federation of Inspection Agencies (IFIA) which had been circulated by Switzerland at the last informal meeting of the Negotiating Group, set forth an interesting description of the development in pre-shipment inspection services and the ways in which the different national programmes functioned in their different stages in keeping with the requirements of various developing countries.

152. Ecuador believed that solid, effective and modern customs systems were the best ways to facilitate trade. However, it also believed that conditions must be in place to ensure that those objectives could be achieved. That was why it was necessary to have a serious and continuous process for capacity building so that one could rise to the challenge of globalisation by doing the following:

153. First, it was necessary to have specific S&D treatment, TA&CB and financial assistance programmes for the implementation of systems, data bases and risk control mechanisms for the valuation of goods as well as cargo scanning systems, checks on destinations and other measures which could guarantee the fulfilment of the objectives of security, protection of financial risks and tax collection and import taxes.

154. It was also necessary to have transition periods with periods of not less than four years for a possible elimination of PSI systems during which time countries could have implemented alternative systems.

155. As a result of the negotiations, it was hoped that the inspection systems would remain in place for a sufficient time period to enable to determine the statistical basis for certain goods so as to correct distortions.

156. Finally, with respect to the elimination of pre-shipment inspection, developing countries that so required should be fully able to control their customs operations using alternative systems such as risk profiling data bases and goods checking systems.

157. Ecuador hoped that those ideas would be a way forward through an open and constructive dialogue as Members dealt with this important issue which was of interest to Ecuador and which was under negotiation in the WTO.

158. Ecuador asked for this statement to be circulated as a working document so that all delegations could read it.

159. The representative of Turkey recalled that, it was, among others, Turkey's basic objective in the transit area to effectively address the challenges Turkey's exporters faced. Turkey planned to come up with a specific paper on the transit culture and the allocation of permits at the next meeting.

160. In addition to possible benefits that could be derived from discussions on transit, Turkey was of the view that there was merit in touching upon transit cultures and the way they had been delivered with special emphasis. Turkey was in the process of finalising the paper and aiming to circulate it well in advance of the next session of the NG. Turkey would be consulting with other Members to seek their support.

161. The representative of the Philippines, speaking on behalf of the Core Group of developing countries, expressed his satisfaction with the discussions taken place during the informal session and advised the NG of the proposal of the Core Group with the qualification that it was work in progress and that the sponsors were continuing the dialogue to improve and further enhance the proposals on S&D, technical assistance and capacity building.

162. The Core Group also wished to take the opportunity to formally commend the Secretariat and the Chair for their continued practice of transparency and inclusiveness in all the areas of the negotiations regarding trade facilitation.

163. The Group further wished to emphasize the importance of moving to discussions on the specific list of measures and agreeing on the closed list of trade facilitation measures that could potentially be part and parcel of a future trade facilitation Agreement.

164. Taking into account developments in the other areas of the negotiations, the Core Group wished to emphasize that the trade facilitation negotiations remained part and parcel of the Single Undertaking and that, in line with the DG's recommendation which would be confirmed in the General Council on 26 July, the negotiations would be suspended across the board of the whole DDA, pending further notice. In that vein, the Core Group emphasised the importance of the trade facilitation negotiations. However, it also noted that they were part and parcel of the Single Undertaking and that no progress could and should be made in this area of the negotiations in line with the suspension to be announced at the General Council.

165. The representative of the European Communities wished to draw attention to a statement made the previous day by Commissioner Mandelson in which he underlined the need, in the wake of Monday's events, to restore confidence in and bolster support for the DDA. In particular, Commissioner Mandelson had suggested giving renewed focus to measures that would be especially beneficial for developing countries.

166. In that context, he had proposed continuing to work on the Aid for Trade package, the new Integrated Framework and on trade facilitation, given its strong development focus and its obvious

links to the Aid for Trade agenda. Commissioner Mandelson's statement was available on the Europa server of the European Commission.

167. The representative of Nigeria commended the participants and the Chairman for the active participation and engagement since the beginning of the meetings. Thus far, this participation and spirit portrayed the current mood. With a sense of responsibility, Nigeria wished to recall the outcome of the informal TNC meeting of 24 July where the Director General had called for a time-out to review the situation, examine other available options and review positions. He had stated that, in practical terms, this meant that all work in all negotiating groups should be suspended. The same applied to the deadlines that the various Groups were facing.

168. Although the General Council was yet to meet to revisit the issue and to give legal effect to the status, the basis and the legality of Members' work perhaps required interpretation based on the scenario that one was continuing. It required further clarification.

169. The Chair's timely guidance was very important because the matter had raised serious concerns in various capitals. Nigeria was encouraged by the participation of experts from capital and therefore had not wanted to raise the issue the day before. It was a dilemma and Nigeria really sought the Chair's guidance, particularly in terms of what was the current situation and the appropriate course of action which might be desirable but at the same time in line with the current stalemate.

170. The representative of India wished to associate his delegation with the statements made by the Philippines and Nigeria. The Chairman of the TNC had indicated that all work in all negotiating groups was to be suspended. India felt that trade facilitation, being one of the negotiating groups and part of the Single Undertaking, should also be suspended. One could resume in whole or in part when the Membership desired. India hoped that the resumption would take place sooner rather than later but looked to the Chair's guidance on that matter.

171. The representative of Cuba recalled that Director-General Lamy had suggested that there was a possibility of suspending work for all negotiating groups. He had also said this at his press conference, after having listened to the present ministers and to the other delegations, which informally approved the suggestion of suspending all work. Following that, the TNC Chair said that the only committees that would continue working would be the regular ones and delegations' meetings and negotiations in the DSB because they were not part of the Single Undertaking.

172. Since it was not known yet what would happen at the upcoming General Council meeting where Members might or might not officially approve the recommendation, it was a time when Members would be discussing what would be done with those issues under the Doha Agenda.

173. It was really important for Cuba to adhere fully to the statements made by the Philippines and by India. Like others, Cuba believed that the Negotiating Group had carried out a tremendous amount of work and had produced some very positive outcomes. One should emphasise all the work that had been done in the area of S&DT which already on its own represented a very important step forward and a new systemic component for improving all work on S&D. However, it was important that the issue, as had been agreed, be maintained within the context of the Single Undertaking.

174. The previous TF Chair, the Ambassador of Malaysia, had made a report prior to Hong Kong in which he raised the controversial question of setting a special date, taking this out of the context of the Single Undertaking. Cuba maintained its position that the particular topic be kept within the scenario. However, Cuba took note of what had been said by the delegate of the EC on the question of trying to put forward a development package including Aid for Trade. It was perhaps too early to take a stance on trade facilitation, but Cuba had taken note of the EC proposal.

175. The representative of Venezuela wished to echo what had been said by the Philippines, Nigeria, India and Cuba. An understanding had been reached on the suspension of the negotiations. One had to note that the TF NG was a part and parcel of the Single Undertaking. Therefore, Venezuela understood that work should probably be suspended in the Group.

176. However, Venezuela took note of the proposal made by a Member on redefining the Single Undertaking. But obviously, this was a decision that laid outside the ambit of the TFNG and even, to a certain extent, outside the ambit of the General Council because the basis of the negotiations was the Doha Mandate. One should not go against the principle of the Single Undertaking. An agreement had been reached on the suspension of negotiations and this should also prevail for the TFNG.

177. The representative of Kenya said that his delegation fully supported the statements by the Philippines on behalf of the Core Group, Nigeria, India, Cuba and Venezuela, especially on the commitment to see a positive outcome of the discussions under the Doha Development Agenda.

178. Kenya also shared the appreciation of the work that had been done by the TFNG on advancing the trade facilitation agenda and agreed on the need to suspend further negotiations in this Negotiating Group since it was expected to be part of the Single Undertaking.

179. Kenya further wished to echo its own commitment and that of other developing countries to trade facilitation, which was important. Kenya appreciated the stewardship with which Members had led the group and the way Members had conducted discussions. When the suspension was lifted, the work Members had done would not go to waste.

180. The representative of Chile said that for Chile, trade facilitation was a crucial issue. Chile was very committed to a solution that would lead to an Agreement on trade facilitation. However, the negotiations took place in the TNC and there, the Chairman had suspended all negotiations. That was why one had to calm down and think things over during the summer. It was not one single group that could decide what could be done about the Single Undertaking because it implied a change in the mandate and in the whole Doha Agreement. Chile would not want to go against what had been said by the EC. But it was the TNC that would have to take the decision on this. That would have to be done after August after the summer break.

181. The representative of Indonesia associated his delegation with the statement by the Philippines with regard to the suspension of the negotiations. He requested guidance from the Chair on the matter.

182. The representative of the United States said that the US did not disagree with most of what had been said the morning. It was helpful to hear the value placed on the trade facilitation negotiations which seemed to be getting greater and greater. That was a reflection of the hard work that had been going on over the last few years. The US shared those views.

183. The United States also shared the views expressed by Nigeria, Kenya and others that TF was certainly part of the Single Undertaking and there was no mandate of any kind to take it out. As Chile had said, those sorts of issues were not for the TFNG to discuss. The US was interested in the Chair's answer to Nigeria's question because it also wondered under what mandate the Group continued to have the meeting. The United States had enjoyed the meeting. It had been interesting, but the US would appreciate a clarification of the matter. If it had something to do with the General Council not meeting until the following day, that would be helpful to know. That was also why the US had not brought its negotiator from capital.

184. The representative of Cost Rica commended the Chair for his work and leadership in the TF negotiations. Costa Rica had been a staunch supporter of a trade facilitation Agreement and wished an

ambitious agreement that would be beneficial to all Members. Taking into account the decision taken by the TNC to suspend negotiations, Costa Rica felt that it was not up to the TFNG to decide what the future would be for the work that still had to be done. That was a decision that had to be taken by the General Council formally.

185. The representative of Trinidad and Tobago acknowledged that the TF Negotiating Group had worked assiduously and in a very positive manner under the Chair's leadership and with the support of the Secretariat. However, the TF negotiations were part of the Single Undertaking and given the announcement by the Chair of the TNC on Monday, the TFNG's work was quite questionable at the point. Trinidad and Tobago's assumption was that since Members has brought in capital-based experts for the meeting, one should not waste their time and the resources invested to get them there. But, like Nigeria, Trinidad and Tobago wished to have the Chair's guidance on how to proceed thereafter.

186. The representative of Argentina said that delegates had started to touch upon an issue that was well beyond the concerns of this particular negotiating group. Argentina also wished to state its position on the link of the TFNG with the Single Undertaking. Like other delegations, Argentina understood that negotiations had been suspended. The exact words used by DG Lamy were that "all issues were on hold". On that basis, Argentina would not object to having continued the meeting of the TFNG, it being understood that since the meeting had started on Monday, it would be a courtesy and deference to delegations that had come with experts from capitals and to international organisations that had come all the way to hold the meeting. From a formal point of view, Members had not yet formally adopted any decision on the question. But this could of course have some impact on Argentina's overall position as all issues under the Single Undertaking were suspended now and trade facilitation was obviously part of the Single Undertaking.

187. The representative of Uruguay said that this was a very important topic for Uruguay. Uruguay had been very much involved in the process of the TF Negotiating Group. The Chairman of the TNC suspended all negotiations and, therefore, Uruguay agreed that it was not impossible to divide the Single Undertaking, since the mandate for the TF negotiations came from Ministers in Doha. If one suspended this, one suspended all negotiations. This would be formally and officially recognised by the General Council the following day and not by the TFNG.

188. The representative of Malaysia associated her delegation with the statement made by the Chair of the Core Group on the issue of the mandate of the NG and the fact that the announcement was made by the DG, to be endorsed tomorrow by the General Council, that all work under the DDA was being suspended. Malaysia also wondered what mandate the TFNG had to continue the negotiations at the moment. Malaysia believed that the TFNG was one of the negotiating groups that would have benefited developing countries and hoped that the pause would be used usefully to at least identify the technical assistance and capacity building needs of developing countries. Perhaps Members could work on their own on that.

189. The representative of Mexico supported the statements made by Chile, Costa Rica and Uruguay. But Mexico also wished to point out, as had been said by the Director General at the informal of heads of delegations on Monday, how important it was to maintain what had been achieved to date. The DG had invited the Chairs of the negotiating bodies to take stock of what had been achieved in each negotiating group so far. Mexico wondered how one could achieve that objective which was really of interest to everybody.

190. The representative of Cuba said that Members had done outstanding work in the TFNG. The Ambassador of Malaysia had also played a very important role and left a very positive mark on the Group. Perhaps if one had been a little more direct, one could have avoided all the comments made. When people talked together they understood one another. A lot of delegations, including Cuba, were

worried about what was going to happen, and what was going to be the status of the TFGN's work. The General Council was the body to state a position. It was the understanding of many that, so far, one had not yet formally approved in the General Council the decision and not really decided what to do. It was not up to the TFNG to take a decision.

191. Members had worked very hard in the TF group over the past and it would be a pity not to include in the Chair's report everything that had been achieved in the past three days. That was why Cuba fully agreed with Mexico along the lines of what the Director-General had requested to do, namely to prepare a detailed report that would serve as a sound basis for the future work of the NGs once they picked up again, at a time decided in due course. With the Chair's support and cooperation, Cuba would be happy if one could include in detail everything that had been done in the TFNG, all the work Members had accomplished. Many delegations seem to feel that the work done was formal and should be taken into account, at least until the General Council pronounced itself on the decision of the TNC.

192. The Chairman explained that the Chairman of the TNC had asked to see all Negotiating Group Chairs immediately prior to Monday's informal Heads of Delegations meeting. He had made the point to DG Lamy that the TFNG had started its meeting with the discussions being in progress, and the Group being half way through discussing one particularly interesting paper. He had sought Lamy's permission to continue the meeting, bearing in mind that many delegations had flown in capital-based officials for the meeting, making the point that, rather than wasting those resources, it would be sensible to allow the meeting to continue. The permission had therefore been sought to continue the present meeting, pending the meeting of the General Council on Thursday, and DG Lamy had granted that permission in his capacity as TNC Chair. That was why the present meeting had continued.

193. In terms of the report, DG Lamy had asked all NG Chairs to furnish a report on the state of play within their groups. In the TFNG, Members had already had an opportunity to look at the terms in which he would be reporting to the TNC – or now to the General Council- on Monday. His GC report would be in exactly those terms. The covering note also carried with it all of the progress which had been achieved over the last couple of days. He trusted that all Members would be satisfied with that.

194. With that, he wished to pass the floor over to contributions from the participating international organisations. Work had continued amongst all of them in support of the TF negotiations, especially on the important area of cost implications where several projects had been initiated.

195. The representative of the World Bank said that everybody knew that the World Bank was a big supporter of the TF negotiations. The Bank genuinely believed that an Agreement on trade facilitation was good news for everybody. He would not talk about the benefits of a Trade Facilitation Agreement and trade facilitation but rather cover something that had been echoed as a concern many times in the NG meetings. This related to the fact that, whilst many delegations believed that trade facilitation was a good news agenda, there were genuine concerns about the costs involved in agreeing to any new commitments and the question of how difficult some of those might be to implement. As part of the Bank's trade facilitation support programme, the Bank had done some work in recent months to try and provide some answers that might clarify the issue for Members.

196. He would offer a quick overview of what the project involved, the progress achieved to date, some of the key issues the Bank had identified – and there were some surprises for Members and some of the partners – draw some conclusions and look at what the next steps would be.

197. In terms of the Bank's role in this, Annex D was fairly clear in providing a role for the World Bank and the other international organisations both during and after the negotiations. The project was

part of the Bank's support during the negotiations. To try and provide some information on the real costs that Members might face in terms of looking at a new trade facilitation Agreement, the Bank had done six country case studies and looked at the probable costs and implementation difficulties that might be associated with a new WTO TF Agreement.

198. In doing so, the Bank had received generous funding support by the EC, by DFID from the UK and, earlier, by the Swedish Ministry of Foreign Affairs, which led in part to the work. The methodology was fairly simple. The Bank had joined in a partnership with the World Customs Organisation and the International Monetary Fund to undertake those studies and also worked very closely with the WTO Secretariat, UNCTAD and with the OECD in determining the focus and the methodology that the Bank would use. The project therefore represented a good case study of the cooperation between the Annex D organisations in general. It had been done in partnership particularly with the WCO and the IMF. A team of experienced trade facilitation specialists had been sent to each of the countries. And the Bank had developed an assessment tool to help undertake the work. It was based on the W/43, the compilation document prepared and regularly updated by the WTO Secretariat.

199. The Bank was in the process of preparing individual reports for each of the countries. They only did six countries for the time being, but the conclusions they reached would be of interest to everyone and define the dimensions of the task for all Members. Those reports were currently being checked and discussed with the countries. It was the Bank's intention to prepare over the summer a consolidated report with cost tables and detailed information that the Bank would share with all Members of the Negotiating Group. It was also its intention to turn the tool used for the process into a self assessment tool and made that available for all Members.

200. In terms of the scope, it was very comprehensive. The study looked at all the costs and implementation difficulties that countries were likely to face. One of the things he wanted to stress very strongly was that those diagnostic studies were not general TF diagnostics. They were studies associated specifically and quarantined just to the proposals being put forward in the TF Negotiating Group. They did not look at trade facilitation in the general sense. For example, the Bank was not looking at port reform because this was not subject to proposals that had been put forward in Geneva. The Bank had based it on its assessment tool which in turn was based on the WTO compilation document. It therefore represented an assessment of a country's readiness to implement proposals that were on the table in Geneva. The project focussed on customs but also covered other border management agencies. The Bank consulted in each country very widely with the private sector as well. Therefore, the work was very broad in scope, but focussed specifically on the negotiating agenda.

201. So far, the Bank had done details assessments in Rwanda, Sri Lanka, Paraguay, Senegal, Egypt. On Monday, the Bank would start the final one for this round in the Philippines. Among the key issues that the Bank had identified there were some which had reinforced the Bank's initial hypothesis in some ways while in some ways they had not. Talking informally to negotiators in Geneva, he had been informed about their concerns about issues that were on the negotiating agenda and how difficult they might be to implement. In several cases, they represented countries the Bank had worked with. Some of the concerns were about implementing things that had already been implemented.

202. What the Bank had discovered many times through its work and what probably was not a surprise to a lot of negotiators was that sometimes, Geneva negotiators did not have absolute detailed knowledge about the operational issues in customs in their own countries. Therefore, one of the Bank's hypotheses in putting together the project was to test whether or not those things were as difficult to do and as expensive as some people had suggested during the Geneva discussions.

203. What the Bank had found was that the needs and priorities, whilst differing from country to country, showed a lot of commonality. The difficult things to implement were difficult everywhere. Likewise, the easy things to implement were easy everywhere. The majority of the proposals were considered very positive. Most of the customs people and also the trade entities the Bank talked to were of the view that the proposals discussed in Geneva would make a difference and were very positive. There was absolute agreement in that respect.

204. Also, many people in the countries the Bank worked in saw a new Agreement as a tremendous catalyst for change and improvement. They felt a new Agreement to be important in creating a sense of momentum and developing the political will necessary to make some of those changes and improvements happen.

205. The Bank also found that the proposals on the table to date contained very few new things. Almost all of the measures on the table were currently considered to be part of a best practice or good practice in modern customs and border management. Many countries were in the middle of a modernisation plan that incorporated almost all of the proposals on the agenda.

206. Most importantly, and that was an issue that sometimes seemed to be lost in the negotiations, no country was starting from scratch. All countries were in the middle of modernisation plans and all had received significant donor support for it. Therefore, when there was a new Agreement, it would not be necessary to start from scratch. Many of the proposed measures were well under way with a lot of progress made already.

207. All of the countries the Bank had worked with maintained websites containing most of the required information for a new Agreement in one WTO language. They all had formal mechanisms for appeal in place. All utilised some form of risk management and cargo selectivity. This was not to suggest that the job was done. The systems were far from perfect and they would benefit from technical assistance. But they were already in place.

208. All countries accepted some form of security by way of a bond or bank guarantee and released goods prior to the final resolution of any discrepancies or other requirements. They all provided advice on tariff classification in advance of importation. In some cases, this was not done formally in the way it had been proposed in Geneva, but all countries offered advice. A given tariff classification ruling might not be binding and it might not have an extensive validity period, but it existed and the skills to make the classification decision were existent as well.

209. All of the countries the Bank visited had fairly extensive IT systems in place for import/export processing and, interestingly, all of them possessed most of the technical knowledge necessary to do so. This was not to suggest they did not need technical assistance, but there were a lot of skills already available within the border management agencies. And all of those countries had established post clearance audit units despite that being considered to be a particularly difficult thing to do. They might not be functioning perfectly, but a start had been made.

210. What the Bank also found was that many of the identified implementation challenges and barriers did not lend themselves to resolution by the provision of technical assistance or financing, regardless of its quantity and quality. They were simply barriers that were not sensitive to technical assistance. For example, the Bank found that in most situations, there was great competition between government agencies operating at the border and not a great sense of spirit of cooperation and information sharing. Sometimes, government agencies competed with each other. That could not be fixed by technical assistance.

211. The relationship between the private and the public sector had turned out to be rather adversarial and needed to be improved. This was also an area that was not particularly sensitive to technical assistance.

212. The Bank found that revenue maximisation was a major focus and absolutely dwarfed all other concerns. Trade facilitation often was a very small issue. For most of the customs and border management agencies, revenue was their main game. A change in focussing on trade facilitation would require a change in mindset, which equally did not lend itself to technical assistance.

213. In many of the countries the Bank had been working in, there was a very low level of voluntary compliance and it was a reasonable approach in many cases for customs and border agencies to be very suspicious about the trading community. There was a technical assistance aspect of that, but in many cases, it did not lend itself to being resolved by technical assistance alone.

214. The Bank also found that, in some of the countries the Bank had been working in for the study, there was an underdeveloped private sector. The banking infrastructure was not there, information and communication technology would limit the options for electronic single window, for example. And the customs broking community was also not particularly well organised or professional. But, most importantly, in many cases, there was a lack of political will and commitment for the necessary reforms. That could also not easily be fixed just by TA.

215. The Bank also found that customs was typically far ahead of other border management agencies. Customs all used IT systems, they already had some form of risk management. They usually had some form of active cooperation with neighbouring countries. Where donor support had been provided, customs had received the bulk of it. Customs always attempted to measure their performance, perhaps not perfectly, but they did attempt it. There had been examples with the WCO's time release study. That had always been initiated by customs, not by other border management agencies. Customs typically understood the trade facilitation agenda. The other agencies that the Bank interviewed had not even heard of it in some cases. Customs was ahead of the curve.

216. Most importantly, customs already had agreed international instruments and some blueprints for reform that they could work from. Other agencies did not typically enjoy that same level of blueprint and did not have international instruments that they could base their work on.

217. With respect to conclusions, the Bank had found that the WTO trade facilitation agenda was typically welcome, and that both the private sector and public sector were very positive about it. It was generally in line with their existing modernisation plans and strategies.

218. The Bank had found that the suggestion that this was going to require millions and millions of dollars of support over a long time was probably not true if one was talking about mere compliance with a new Agreement. If one was talking about massive reform of trade facilitation incorporating everything that a country might want to do, it was a different matter. But the current negotiating agenda did not require a fortune to implement. The Bank would distribute a final report on this after the summer which would include cost estimates.

219. There were some exceptions. Electronic single windows could be expensive if one took the Singapore model. The costs would depend of the nature of the Single Window and the specific wording. One-stop border stations between different countries could also involve quite an extensive amount of technical assistance and financing. It would depend in part on where the negotiations were going. But those two were the only high-cost items the Bank had been able to identify.

220. Technical assistance was needed, particularly in certain areas. Most of the countries the Bank had visited had suggested that they could use assistance in legislative drafting. All of them suggested

they needed assistance to develop new administrative systems and procedures, to, for example, make the informal process of tariff classification advice a formal and binding process.

221. Most of them saw that there was benefit and that technical assistance was probably needed to migrate to later versions of the IT systems they currently had, although, from what the Bank had seen so far, all countries would comply with the IT provisions of a new Agreement already.

222. Risk management training and assistance would be required, particularly to try and work on improving compliance and changing the control mindset to one of facilitation. It was a simple fact that most of the customs officials the Bank talked to believed that letting any goods enter without inspection was a wrong thing to do. That had to be changed. There was also a wrong belief that TF could adversely impact on revenue collection whereas all the evidence, not only by the Bank but also by other organizations working in customs reform, suggested that trade facilitation reforms would resolve in increased revenue.

223. There was some assistance required in terms of activities-based costing methodologies. If one was looking at rationalising fees and charging fees to the cost of provision of service, most countries did not really know what it cost to provide specific services. One would know, for example, how much it cost to run the whole customs department, but allocating fees and calculating on the basis of those fees was rather difficult. Technical assistance would be needed there.

224. The Bank also believed that the trade facilitation agenda in the WTO could not be seen in isolation from wider reform and modernisation efforts. As a result, the technical assistance that Members might provide in terms of assisting with implementing this should not displace the technical assistance already being provided for wider modernisation efforts. It was important for that to be coordinated and coherent in the way it was delivered.

225. The Bank had found that there were many similar needs across countries. That meant that there was potential for looking at solutions that had some economies of scale. For example, if seventy countries needed assistance with risk management, it could make sense to put a lot of effort into developing one very good package which could then be customised for the needs of many countries so that it was not necessary to re-invent the wheel sixty or seventy times. There was real value in that.

226. The Bank also thought that SDT will have to take into account individual circumstances of members, such as the level of sophistication of the private sector. In some countries, for example, the information and communication technology infrastructure might not allow at the present time the full automation of all border stations, particularly those that had small border stations in remote areas. And one had to take into account revenue implications. At the moment, the Bank had seen many fees that were simply taxes and probably did not comply already with the current rules, let alone with the new Agreement. And each country faced its own geographical considerations which had to be taken into account in terms of flexibility.

227. The next step for the Bank was to finalise those reports and distribute them to all countries that had been involved. The Bank would prepare a consolidated report and would distribute it to all Members. The Bank tried to make that available so that it could be shared with capital officials as well. It would be made available in all official languages.

228. At the moment, the Bank was in the process of converting the assessment tool it had developed based on the W/43 into a self-assessment tool, which would be made available in the official languages and distributed to everybody so that Members could use it in capital. At the moment, the Bank was talking with a range of donors to develop a new stage of the process which would involve training officials from each country on how to conduct the self-assessment process. The idea was to take the further look at sub-regional training programmes where the Bank brought in

a range of officials and talk to them about those cost studies and train them in the use of the self-assessment tool. They could then go home and work with their own constituencies to look at costs and implementation challenges on a country-by-country basis.

229. That was a summary of where the Bank was with the study at the moment. The next steps were to put it together into a consolidated report which would be of benefit to all Members, but also to the international organisations in terms of looking at how the technical assistance would possibly roll out in the future. It should also provide some definitive figures, or at least ranges of figures. While the exact figures would be specific for the investigated country only, Members should still be able to draw some inferences from the figures that had been collected for other countries.

230. The representative of Barbados wondered whether there were any trade facilitation proposals on the table which, although they might be objectively important and useful, might not be that useful to small countries that had very limited import and exportation regimes and where Members imported and exported such a limited range of products and limited quantity of products that the benefits of incorporating some of those trade facilitation proposals might be outweighed by the cost of implementing them. Had there been any assessment conducted of that question or had Members expressed any preliminary ideas on those issues?

231. The representative of India congratulated the World Bank on an excellent study. India had one question. Did the World Bank sense that the improvements, simplifications or changes made were just done on an ad hoc basis or haphazardly, or was it always part of an overall defined objective in terms of time and specificity?

232. The representative of Sri Lanka expressed thanks for the World Bank's presentation and recalled that Sri Lanka had been one of the beneficiaries of the exercise that the Bank had carried out.

233. Since the launch of the TF negotiations, one of Sri Lanka's concerns was to understand where they stood on implementation issues, what the associated costs were and what the kind of TA&CB required. The World Bank team had visited upon request. Its views, assessments and recommendations had been very useful. There had also been a number of other activities in Sri Lanka by UNCTAD and the OECD during the last year. All those efforts had resulted in Sri Lanka's key capital-based stakeholders being better informed on issues under discussion in Geneva and on what sort of national effort would be required.

234. As a result of the World Bank mission to Colombo on needs and implementation issues, and the report recently received, a core group established under the World Bank Negotiating Support Project was currently examining them. Those findings not only assisted Sri Lanka in assessing where they stood and their readiness to implement the proposals, but also in designing and implementing Sri Lanka's overall customs modernisation strategy. Sri Lanka placed great value on those findings. Its TA&CB needs and its scope had been clearly identified. The report recognised in a number of places the importance of continued donor support for Sri Lanka to put in place certain facilitation measures in line with the proposals tabled in Geneva.

235. What had clearly been mentioned as important was the political will. In Sri Lanka, the political will was there. Sri Lanka had vision and on-going reform programmes, but there were several serious constraints in terms of resources, human resources and various other infrastructure requirements. Sri Lanka therefore wished to continue working with the World Bank and other donors to improve its trade facilitation systems.

236. The representative of Kenya thanked the World Bank for a very good presentation. Looking at the insights it had revealed, one saw that, in many cases, customs was ahead, but often, they were implementing only some aspects of the trade facilitation agenda. The question arose how Members

ensured synergy between Geneva and the capitals. He recalled Cuba's point about feeling orphaned in light there not being enough representation in the Geneva meetings. Also, at the moment, even some delegations which were part of the Core Group did not have representation in the room. And this against the background that sub-Saharan Africa was the part of the world which had the highest costs of facilitation. How could Members ensure that what they did actually led to an improvement over the current situation? The question was not the TF Agreement. It was easy for everybody to fulfil the letter of the TF Agreement, but the question Kenya asked itself was whether it would make a big difference for them. Would it lead to less costs, and to economic development? Developing countries were looking for the Agreement to be the basis for improving their economies, for ensuring that the costs went down and that they got better integrated into the world economy. That was really the big question that had to be addressed. Unless that was done, there might be a beautiful document, but it would not make a difference for any developing country.

237. Kenya also had a question about the sampling methodology. Rwanda was among the countries that were being studied as well as Senegal. A lot of work had gone into those countries. It was part of a reform and modernisation process. What was going to happen? What about other countries where that kind of reform and modernisation had not been initiated yet? If one had chosen to study those countries, the conclusions would have been different.

238. There was also the issue of what to do with other agencies who should really contribute to a great extent to the success of trade facilitation at the country level. Customs might be ahead of other agencies. What did Members do with those other areas which might not even be amenable to TA&CB. Those were the difficult questions Members had to address.

239. The representative of Mexico congratulated the World Bank for its interesting presentation and thanked the Bank for the work it was doing with the six member states of the organisation. It would be extremely important to look at this, study it closely and see the methodologies the World Bank pursued. He wondered which version of the Secretariat's compilation had been followed.

240. One would have to look at the whole context under review within the NG. In particular, Members should try to look at aspects such as regulatory issues, questions related to transit etc that went beyond customs. All of those other aspects the World Bank had studied had not really been looked at so far at the level they would deserve. Since the methodology the Bank had described would be very useful and could serve as a reference or a benchmark in future assessments for the future Trade Facilitation Agreement, it would be very important for the World Bank and all other Annex D organisations if they also could take part in a broader study that would raise other aspects. For instance, the OECD had a lot of experience on regulatory issues, UNCTAD had much experience in transit agreements and other organisations might have expertise in other fields. He mentioned this as one was only talking about a study on customs and not really looking at the system as such or the regulatory issues involved. One was not looking at the overall context, but only looking at TF in the context of GATT Articles V, VIII and X. Perhaps that was the reference that should be used for the methodology, but also for future assessments whenever one dealt with trade facilitation issues.

241. The representative of Costa Rica thanked the World Bank for the hard work and its support of the negotiations. Costa Rica wished to know to what extent the implementation of the trade facilitation measures in those countries had been based on international commitments being bilateral, regional or multilateral and if there was a sense in those countries that those international commitments could help to improve the implementation process of trade facilitation measures.

242. The representative of Canada expressed appreciation of the World Bank presentation.

243. Like many others, Canada was extremely disappointed with the suspension of the negotiations. It was a missed opportunity. That being said, with no need to reopen a debate, the decision was not up to the TFNG. It was taken at a higher level and one had to take it as it was.

244. What Canada took away from the World Bank's presentation was that, perhaps one could try to see a bright side to it and explore whether there was an opportunity offered by the pause to do something useful, individually or collectively. In that context, he wished to make reference to the capacity self-assessment as something that everybody had recognized as important throughout the negotiations. It was generally accepted that this was not always easy. Many countries needed help in that regard. What the World Bank had done through those pilot projects was very welcome. Canada also appreciated the announced development of new tools for the capacity self-assessment process. In light of that, it would be useful to try to improve those self-assessments or assist countries to take up that opportunity to conduct a capacity self-assessment. It was useful for getting ready for whenever the negotiations resumed.

245. Setting the negotiations aside, what was evident from Pakistan's presentation and its national experience paper was that countries were working very hard towards adopting trade facilitation measures, moving ahead with customary reform. The capacity self-assessment was extremely useful in that context as well. Whether negotiations were suspended or not, Canada would continue its effort and was ready to make its contribution to help developing countries with conducting their capacity self-assessment and then implement further trade facilitation measures. Canada hoped that Members could take up all the good work by the World Bank and by other international organisations and capitalise on that while not negotiating.

246. The representative of Tunisia commended the World Bank for its presentation. He wished to comment on the study being made and put it in a context that might be of interest to delegates.

247. The trade facilitation process was not a singular process; it was linked to other reforms. It was only really of interest if it followed a general logic of reform. For example, if one took the case of Tunisia, a lot of work had been done in the past ten years in the field of trade facilitation supported by the World Bank. A lot of work was also financed by the EU on the management of ports. Those programmes made it possible for trade facilitation programmes to really develop.

248. The process of trade facilitation was a very particular one, as Tunisia's case demonstrated. Tunisia implemented an association agreement with the EU for nearly ten years. Tunisia was coming to the end of that agreement and had noticed that facilitation was a dynamic process. At the outset, Tunisia has been following an offshore/onshore logic according to which export was facilitated more than import. But at the moment, in order to export, Tunisia had to import a lot and was therefore seeking to facilitate imports much more, not only at ports but also for the sourcing and just-in-time issues which were crucial for newly emerging countries to be able to really be competitive.

249. He therefore had a question on the study. The choice of countries was a rather interesting one. Neither Tunisia nor Morocco had been chosen. But he could refer to Egypt which could perhaps be considered close to Tunisia. It was not particularly the case of Tunisia, but the information on Egypt could perhaps be used for assessing the situation in Tunisia to a certain extent.

250. What was even more interesting was that those tools that would be developed made it possible for countries to self-assess their efforts in the field of trade facilitation. That was important and he wished the World Bank to include those countries in setting up and developing those tools. That would be very interesting so that one could really adjust those tools to each situation in each given country.

251. The representative of Korea raised a question regarding TA. The presentation had shown that the key issue identified regarding TA was that some measures were not sensitive to technical assistance and that issues such as political will, the mindset and competition among agencies were very relevant. This matched Korea's experience, which had shown for those factors to be very important for reform. The political will was a key factor. Therefore, if one wanted to ensure a successful implementation of the reform, TA was just a complimentary factor, not a main one. The presentation had shown that it was necessary to have the right internal environment to implement the reforms. What was the Bank's assessment on the TA activities, their role and responsibility? How could one identify and legally capture what TA activity represented a good framework for the implementation mechanism for the Agreement that would emerge at the end of the TF negotiations? Korea still wondered whether this was an interactive activity. Internal information with strong will was a very important factor. How could one link the inside and the outside activity for a successful implementation?

252. Korea wished to thank the Chair for continuing the negotiations. One certainly had to follow the high level decision making, but until the final decision was taken, it was a good suggestion to show that the TF negotiations were good and useful. It had also given Korea the opportunity to present its new four proposals. Korea might have been disappointed if that had not been possible because a capital delegation had come for that purpose. But also more generally, the continuation was very helpful and a good suggestion - and motivation - for the future.

253. The representative of the World Bank wished to respond to questions raised.

254. Barbados' comment that some of the things that were currently on the agenda might have limited benefits and applicability to, for example, small island states was something that had been mentioned several times to the Bank over the last years in respect to those negotiations. The Bank did not really find too many examples where that was actually the case. One should just have a look at some of the very practical things that were on the table. For instance, whether one was importing into Barbados into an EU member state or the United States, the ability to appeal against the administrative decision taken by customs was fairly important. The scale, the size of the importation might be different, but the ability to do that was equally relevant. If Members were deciding to make an investment decision, the capacity to receive an advanced binding ruling on tariff classification was equally relevant, regardless of the size of the economy. When going through the proposals that were on the table, one would not find many that were not universally applicable. Obviously the implementation scales would be different, and the emphasis and priority that Members might want to put on them. The sequencing of the events or the activities might also be different, but pretty much everything on the agenda at the moment was particularly useful and fairly practical. Therefore, the World Bank was very happy with the scale, scope and content of the proposals put forward so far. Of course there were differences. For example, some Members said that they would like to use customs brokers and would like to make it mandatory because their private sector was so underdeveloped that it was the only way they could guarantee a level of compliance. That was an argument that had been put forward by some countries and there might be differences across the spectrum there. But generally speaking, the World Bank was of the view that those proposals were important.

255. Barbados had raised another issue that was quite critical to the negotiations. It was not just about what was useful for one's country, but also about it being useful for one's private sector within a country to have those provisions available in the countries they traded with. That was quite important.

256. As for India's question about the scale, scope and coherence in terms of ongoing reforms, that was something that varied enormously. Some of those reforms had come about because donors had supplied them. They wanted to do something and therefore it was done. Some of them came about because there was a wide all-encompassing public sector reform programme that had a customs and border management component. It was different everywhere. But generally speaking, all of the

countries the World Bank had worked in did have a reform and modernisation plan. It was usually very broad, not necessarily focussed on the Geneva agenda, but it did incorporate it. There was an attempt to achieve coherence. That coherence seemed to have been better in those cases where there was a large donor-funded activity which had been part of that process. Sri Lanka, for example, had had a reform and modernisation programme in place for many years and had been making progress. The problem was they had unfortunately not received an enormous amount of donor support. Therefore, while the plan had been strong, the intentions very good and momentum for change good, they had not been recipients of massive donor support so far. Therefore, they had not been able to implement all the things they would like. But certainly, they had demonstrated that they could use the limited assistance they had received very well.

257. Kenya's statement was very important. How to ensure that the Trade Facilitation Agreement really delivered dividends for a country in terms of integration, trade expansion and the like was a critical question. In the World Bank's view, the WTO trade facilitation agenda was not a panacea nor was it the complete story. It was a sub-set of things Members would do to improve their trade performance. One of the real benefits was a hidden one because it was not just the measures that were on the agenda as such. They would also be a catalyst for change because they would generate, or at least contribute to generating, the political support and commitment for change, which would attract donor and government attention on an important area of trade facilitation. There were therefore also wider benefits of those measures.

258. With respect to Kenya's comment about the Bank's sampling and the choice of countries it used, that was always a difficult issue. The World Bank could only take a handful of countries. Its rationale for doing it was quite simple. The Bank did not pick countries just because it knew that they would be good. In fact, in some cases, the World Bank chose countries because it knew it was not doing much work there. There was no such thing as the World Bank picking countries they were happy with. The Bank chose countries that did not have a big Trade Facilitation programme at the moment. Countries also self-selected themselves by their Geneva delegates pushing hard for them to be picked. The World Bank tried to choose different countries from different regions. There was no way of objectively doing that. The Bank had to pick six countries and did so as best as it could. It had done so across the spectrum from very small landlocked, least-developed countries to ones that were moving towards middle income countries. The Bank tried to be as representative within the sample of the six as it could.

259. Mexico had raised the point about the importance of the methodology that the World Bank had been working on and that the Annex D organisations had a lot of expertise in the area and should take this further. The World Bank would finalise the self-assessment tool and make it available after the summer. There was a bit of work associated with doing that so that it was easier to use. Members had also mentioned the OECD, UNCTAD and others that were not directly involved in the particular project. They had also been extraordinarily active in terms of supporting the negotiations and done their own diagnostics, particularly in those areas where they had a comparative advantage. The Bank was working in a coherent fashion and trying to add value where it could.

260. With respect to Costa Rica's point on whether the work that had been going on in those countries and their reform programmes were based on international agreements and the like, the answer was that this was the case. All of the things that were on the negotiating agenda were consistent with international norms and best practice approaches as were the issues that were driving reforms in each of the countries the World Bank had studied. Some of them were done because they were part of a requirement of a regional trade agreement or the like. But generally speaking, they were done because they were part of the suite of good practice approaches for modern customs and border management administration. Whether there was an Agreement or was likely to be an Agreement in Geneva or not, most of the countries were working on a reform programme anyway, regardless of the outcome of the negotiations would continue to work on that. The World Bank supported the

negotiations so strongly because it believed that they would be a catalyst for further improvement and would attract government and donor attention to the issue. The Bank also thought that the actual agenda was a meaningful and useful one.

261. On Canada's point that Members had expressed their disappointment with suspension of the negotiations and the fact that it would be great to continue with the self-assessment, the Bank wished to inform that it was going to finish the work it had started on the exercise in any case. The Bank would be working on the self-assessment tool, completing the reports, which would then be distributed to all Members after the summer. The Bank encouraged all Members to use those tools that the World Bank would make available to Members for an on-going process of self-assessment. Self-assessment was not done only once. As the negotiations moved, it had to continue. It was a dynamic process.

262. The Bank agreed with Tunisia's point about there being much work to be done that was not necessarily associated just with the Geneva process. That was why he had made the point in the presentation that this was not the complete agenda. Any technical assistance that would flow from it in terms of implementation should not take away the emphasis away from wider reform issues that were likely to also be useful in terms of expanding trade.

263. With respect to Korea's point, the World Bank was of the view that political would was an important factor. The Bank was not suggesting that there should not be technical assistance associated with this. Sometimes the fact that there was technical assistance could assist to create the political will and commitment. What the World Bank were highlighting simply was that some of the barriers to implementation did not lend themselves to technical assistance. Therefore, just putting more technical assistance on the table would not necessarily overcome all barriers to implementation.

264. The representative of Nigeria commended the World Bank for its comprehensive and articulate presentation. Although Nigeria was not listed in the study, it could draw some pertinent inferences from the insight provided. Reference was made to Rwanda and Senegal, but Nigeria's situation was not completely the same as except for Senegal and Nigeria belonging to the same regional axis of the West African Sub Region. Nigeria regretted the absence of its expert from capital, particularly from the customs, who would have been able to share some thoughts in terms of what was presently the status in Nigeria. Nigeria hoped for such participation to be facilitated for future meetings.

265. The customs operations varied from country to country. In Nigeria, for instance, customs was placed under the domain of the ministry of finance with the focus on revenue collection. In most cases they set a target, which was the timing or was seen as the motivation in terms of how far they could go in achieving the particular target. The orientation was not trade facilitation *per se* but rather how much revenue could accrue to the government.

266. The other aspect important to Nigeria was the collaboration with other agencies that were saddled with the responsibility of trade facilitation. There were several such agencies where one could observe competition in terms of who handled what, and who was [superior] in terms of responsibility. That was a challenge for most of the developing countries, particularly for Africa's sub-Saharan countries.

267. One should of course be mindful of regional programmes and integration. That had to be factored into the broader perspective of trade facilitation work. Nigeria had simplified some procedures and trade document procedures which should be aligned to international standards and expedited trade transactions so as to provide a common basis for measures that should be applied by different countries and by different regions. In doing so, Nigeria had observed the need for all

stakeholders to come together to be able to identify some of the difficulties being encountered in the course of implementing some of their respective obligations.

268. It had equally been noted that there was an absence of public/private partnership or that the relationship was not one of cordiality. What the private sector perceived of the public sector was quite different from what the public sector perceived of the private sector. Regrettably, the issue of corruption could equally come into focus. In most cases, the officials responsible for trade facilitation could easily be corrupted even by those in the business sector just to ensure that they were able to have their way. The issue had to be addressed in terms of how to re-orientate customs officials and officials of other border agencies in terms of how they addressed their responsibility.

269. It had rightly been mentioned that the issue of technical assistance went beyond implementation. If obligations of an Agreement were to be implemented, the issue of political will and determination on the part of those saddled with such responsibility had to be addressed. Matters like will, remuneration, security training and, re-orientation would go a long way in trying to shape their focus in terms of how to adjust to the modern realities of modernised customs operations.

270. When talking about trade facilitation, one should not concentrate all efforts on customs alone. Rather, one should try to see what was happening in other agencies that were equally involved in trade facilitation work. Nigeria would be interested if it, or the sub-region, could be taken into consideration in terms of assessing the difficulties that obstructed the achievement of the objective of trade facilitation.

271. The representative of Pakistan said that the World Bank's analysis was quite incisive of the situation prevailing on the ground. He sought the Bank's comments on a perception that might exist that, whenever assistance was received by developing countries for various programmes, it was perhaps not as flexible as it had to be because the countries that received assistance actually received a particular product. The consultants and the technical assistance coming with the financial assistance always advocated a particular product which might not necessarily work for that country.

272. The representative of the World Bank said that the Bank agreed with Nigeria. There was real potential for solutions in the process, particularly in respect to TA at the regional level. And the Bank was not the only one to think that. The WTO Secretariat, for example, conducted regional workshops. The Bank participated in them whenever it could, as did UNCTAD and the OECD. They all had participated in regional workshops where they could so that one could build a coalition for reform that crossed borders in countries that, for example, shared a common language or were working in regional trading groups. That was important.

273. While the funding was not yet there, it was the Bank's intention to get the self-assessment tool and the related training of officials done on a regional basis. The Bank was currently talking to a range of donors on the matter. In some cases, the regions might well decide to do the assessment, or to at least collate the results of the assessment so that they had a regional picture of their needs and priorities.

274. The competition between agencies was an important issue. The Bank was not suggesting that the negotiations be just held for customs. That was never the intention and was not within the mandate. What the Bank had done when doing their studies was to look at customs because most of the work and most of the provisions related to customs. But the Bank had also looked at the other agencies and their contribution. An Agreement could make a contribution in that regard because it required some of those organisations to cooperate. Some of the things would have to be achieved on a cross-ministries level. That was important.

275. Integrity was certainly an issue as was remuneration for government officials. It was not just customs. The purpose of the study was to look specifically at the provisions on the table so far. It was never designed to be an all-encompassing reform and modernisation strategy. The Bank was looking at those provisions and trying to cost them and their implementation difficulties. It was quarantined to that.

276. Pakistan's comments were interesting. The criticism that the donors were interested in supply and not in hearing what the demanders want was often levelled. There was sometimes the suspicion that the Bank came in with a pre-set solution or series of solutions. From his experience in the Bank, but also with the WCO as well as from what he had heard from the colleagues from the other international organisations, he could say that that was not true. In fact, it was probably less true now than ever before. Actually, there was some reluctance from the donors to deliver something that the clients did not want. In the World Bank, one of the biggest difficulties he had was hiring consultants that were not aligned with a particular product. For instance, with respect to IT, it was difficult to find a good consultant that could be used for project design that did not have a particular linkage or preference for certain IT products. But apart from that, he did not think it was true. The aid providers did listen, or at least attempted to listen. Like everybody, the Bank probably came with a philosophical position, but it tried and based its work on international standards and best practice. The Bank did everything it could to avoid putting forward products, particularly commercial products, that the recipient governments did not want. The Bank typically responded to requests for assistance and designed its work accordingly in very close cooperation with the recipient government.

277. The Chairman announced that both Pakistan's and the World Bank's PowerPoint presentations would be available on the WTO website on the trade facilitation TA section.

278. The representative of UNCTAD said that UNCTAD was very grateful to have had the opportunity to be associated with the negotiating process on Trade Facilitation. Over the last two years, UNCTAD had undertaken a number of regional events accompanying the process, not only as an exercise to inform or educate capital-based experts on what was happening in Geneva but also to provide a linkage between the Geneva-based negotiators and the capital experts. UNCTAD had therefore always made a point in inviting Geneva-based experts to its regional events in the capitals. This had also be done in cooperation with the WTO on a number of WTO-organised events.

279. UNCTAD had provided a set of technical notes which Members could find on the UNCTAD website. They covered some of the issues raised in the current meeting such as examples of costs of particular measures and the way they had been implemented in specific countries. Those activities were part of a broader set of trade facilitation-related, technical assistance activities. UNCTAD was particularly looking at the development of coherent and integrated TF solutions for individual countries which went beyond what was being negotiated in Geneva but where the elements of those negotiations were an integral part.

280. The second broader element was customs automation. UNCTAD was very satisfied and proud to report that the UNCTAD ASYCUDA system was now implemented in 85 countries, both developed and developing. A lot of WTO Members were users of the ASYCUDA System in one form or another.

281. All those activities had been undertaken as a cooperative effort particularly with the Annex D organisations, but not exclusively with them. UNCTAD had always tried to keep a regional perspective in its activities and had therefore cooperated and coordinated very closely with organisations such as COMESA, APEC and others.

282. UNCTAD would continue its capacity building programme, subject to the availability of funding. In that context, he wished to raise the question of the self-assessment exercises which should

be undertaken independent of the way the negotiations might continue. UNCTAD had received a number of requests for assistance in the self-assessment exercise but would require donor support which it looked forward to receiving in an adequate manner.

283. In that context, he wished to recall the existence of a multi-donor trust fund within UNCTAD which was open for contributions from the donor community, bearing in mind not only the expectation that multilateral negotiations might resume but also reflecting the intrinsic value of coherent and integrated TF programmes as had been mentioned on various occasions. Thanks were due to those who had contributed to the multi-donor trust fund, mainly the governments of Sweden and Spain who were the main contributors to those activities.

284. The representative of the OECD said that the OECD had been very pleased to accompany the process with studies and other work and would certainly continue to do so in terms of economic analysis, trying to document the benefits and the costs of trade facilitation, as the OECD had already done a year ago with a series of studies that had already been presented, and with respect to the different types of barriers which the trade facilitation negotiations were trying to overcome. The OECD would be glad to help in any way it could to sustain the process no matter when, where and in what form the negotiations resumed.

285. Responding to a point made by Mexico about the experience of Annex D organisations with regulatory tools, in particular the experience of the OECD, she recalled that the OECD had been working on regulatory surveys. Economic surveys had been carried out of OECD Members for years. The same had also started for some non-member countries. Some Members might know about the regulatory survey of China currently under way. In addition, the OECD had undertaken, in cooperation with APEC, the establishment of a regulatory self-assessment checklist. It was not limited to trade facilitation but looking at the overall regulatory framework of a country as far as it impacted on its institutions, its competition policy and, what concerned the OECD most in that context, the openness of its markets. The self-assessment checklist had been approved by the highest bodies of the OECD and of APEC and would be checked for the first time in Vietnam at the next APEC meeting where a number of APEC countries, some also being OECD countries, would present self-assessment reports on their regulatory framework and environment using the regulatory self-assessment checklist. Two of the countries were Hong Kong China and the United States. If Members were interested in more insights about self-assessment checklists they might wish to look towards APEC.

286. The other point she wanted to make was an announcement with respect to an event that the OECD would be organising in September. The OECD Development Cooperation and Trade Directorates, in cooperation with the Government of Cameroon, was going to hold a regional symposium on trade facilitation in Yaoundé, Cameroon on September 27<sup>th</sup> and 28<sup>th</sup>. The aim was to enable stakeholders in Western Africa and Central African countries, including customs and trade experts, donors, international organisations and private sector representatives, to hold discussions on an informal basis on a number of important issues related to trade facilitation. Emphasis was placed on practical experience with regard to costs and challenges in trade, instruments and approaches that could be used to assess countries' needs and lack of capacities, lessons to be learned with regard to formulating and implementing reform as well as introduction of TA&CB. The conference was hoped to promote a national and regional dialogue on those issues which were of great importance to the negotiations, reform facilitation and donor assistance. It was part of the OECD's effort to assist Members in identifying their needs and priorities and identify the cost of possible measures as well as to ensure that TA&CB were effective, operational and coherent. Special attention was paid to how one could implement the Paris Declaration on Aid Effectiveness, specially as related to trade facilitation. The OECD wanted to explore the different avenues for implementing, monitoring and evaluating mechanisms for TA&CB and was also seeking to assess the outcome of the aid and the

implementation of reforms. The forum would be held in French and English with formal invitations and a detailed programme being send out to delegations of concerned countries next week.

287. The Chairman observed that this had brought the Group to the end of the discussions on the main agenda item.

288. At this stage in the negotiations, it was worth taking stock. Work was proceeding very well, thanks to the continued efforts of everybody on board. Looking back on the beginning of his chairmanship and comparing the situation at that time with the current state-of-play, he saw himself on fairly safe grounds in saying that work had progressed very steadily. The NG had come a long way since the Sixth Ministerial Meeting and made noticeable headway on all fronts. Members were all to be congratulated on what they had achieved since Hong Kong.

289. So where did one stand? He considered it no exaggeration to say that the Group had entered a new phase of work. Members had moved from presenting and discussing initial proposals to an intensified stage of refinement and witnessed a beginning of a convergence of minds. There was a clear change of gear, perhaps not always noticed by everybody and not necessarily lending itself to front-page coverage, but very tangible on the ground.

290. Trade Facilitation might not always be headline news, but the TFNG had managed to produce advances that reflected the constructive spirit which had become a hallmark of the Group, and which had again been witnessed at the current meeting. One could now discern the emerging results of a genuinely Member-initiated exercise of consolidation that had seen both a convergence of ideas and the first delineation of a common ground.

291. Substantive proposals had been received on all elements of the mandate, many of them already in text-based form. Members had lived up to Annex E's call for a move into focussed drafting mode without cutting back on its equal demands for a balanced advancement. Progress was also made on the other Hong Kong recommendations with the continuation of the national experience sharing and reinforced efforts in the crucial areas of TA&CB and S&D. Members had managed to advance work by tabling substantive, and partly already text-based, proposals, bringing progress on S&D, technical assistance and capacity building much closer to the work on the other pillars.

292. Having said that, and having recognised that this was a very positive development, one should also be honest and recognise that more work still had to be done to bring those elements fully up to par with the rest. Renewed and intensified efforts on S&D and TA&CB would therefore be a clear priority for the future.

293. One common positive aspect of all contributions was their backing by broad Member alliances of all levels of development, which evidenced of support from developed and developing countries alike. These were reflected in the Secretariat's compilation document which had come to be a basis for the Group's work; a work which clearly remained work in progress. With additional contributions still on the way and existing ones yet to be refined and lifted above the bar of universal acceptance, the comprehensiveness and specificity of the document clearly recorded the advancement of work and the bridge-building initiatives underway. He therefore hoped that Members would continue to build bridges. One needed both the vision of the bridge-builder and his willingness to find the right balance between form and function, ambition and flexibility in moving things forward.

294. He would urge Members that, as they continued to build bridges, they looked for simplicity and elegance of design and left embellishment aside. One had to have a bridge which was simple and elegant enough to carry the traffic that had to go across it. One did not need to embellish it too much.

295. That was roughly the state-of-play. The next question was where to go from here. Under normal circumstances, that would be easy to say. Setting aside for the moment the events of the last days, there was little doubt in his mind that there was still a significant amount of work to do.

296. Notable progress had been made, textual proposals were now on the table but one was not dealing with an agreed text. Proposals would still had to be refined and modified until consensus was achieved. There were two distinct tasks which nevertheless would be not necessarily quite so distinct as the discussion moved forward. There had to be a discussion on what was in and what was out in terms of commitments. And there also had to be the hard nitty-gritty work of polishing the final text, the exercise of drafting.

297. As far as he was concerned, that would be done in continuation of the Member-driven nature of the exercise to date. He firmly believed that one should continue in that vein. It had worked very well for everybody, it had served well so far and he believed that the consensual approach was right for dealing with the drafting of the type of commitments. There was no need for a particular external stimulus. He also recalled Members' points about not wanting the Chair to interfere too much with the process.

298. It was difficult in the light of events to forecast how things would move from here until the end of the negotiations. He did not believe that the differences in the wider negotiations were unbridgeable or that any Member would simply walk away from what was already on the table. He trusted that common sense would ultimately prevail and that the negotiations would resume sooner rather than later. In the meantime, he thanked Members for carrying the work forward. Until the next time the Group would meet, he would urge that Members keep the faith. He certainly would not be discouraging any Member from informal contacts over the coming months. One had something very good and he had every intention of working to ensure that Members secured it. Particular thanks were due to the Members who had offered fresh food for thought in terms of either papers or comments over the last days.

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

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

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

301. It was so agreed.

D. OTHER BUSINESS

302. The Chairman raised the issue of the Group's next meeting. Members would have noticed that the present meeting had brought the NG to the end of its predetermined meeting schedule. While events were difficult to forecast at the moment, he had nevertheless consulted with the Secretariat on possible meeting dates, which had shown for there to be an empty slot for the time of 13 and 14 September. Members might wish to bear those in mind and mark them in their diaries in anticipation of what might or might not happen. He asked whether Members could agree on that.

303. It was so agreed.

304. The meeting was adjourned.

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