

# WORLD TRADE ORGANIZATION

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**Council for Trade in Goods**

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## **REQUEST BY COTE D'IVOIRE FOR A WAIVER UNDER ARTICLE IX OF THE WTO AGREEMENT WITH REGARD TO MINIMUM VALUES UNDER THE AGREEMENT ON IMPLEMENTATION OF ARTICLE VII OF THE GATT 1994**

### Addendum

The following communication, dated 16 January 2002, has been received from the Permanent Mission of Côte d'Ivoire.

Further to its communication No. 229/MPCI/SE-2/EPH/01 of 20 September 2001, in which Côte d'Ivoire had submitted a request to the WTO authorities pursuant to the provisions of paragraph 2 of the annex to the Agreement on Customs Valuation, for the purpose of obtaining authorization to use minimum values when implementing the said Agreement in July 2002, I have the honour to supplement the above-mentioned request with the following:

- The official list of goods to which minimum values may be applied;
- arguments in favour of the right to apply minimum values to the goods in question.

### Arguments in favour of the right to apply minimum values to the list of goods

#### **I. CONTEXT**

In economic, industrial and commercial terms, Côte d'Ivoire is the leading country in the West African Economic and Monetary Union (WAEMU) which has eight (8) member States.

One of the aims of that organization is to create, among the member States, a common market based on:

- Free movement of persons, goods, services and capital;
- the right of establishment of nationals; and
- a common trade policy.

In order to realize this aim, Côte d'Ivoire, like the other member States, has been required to comply with the tariff discipline of WAEMU, which consists *inter alia* in:

- The elimination, among member States, of tariff and non-tariff barriers, together with a ban on introducing new customs duties or new quantitative restrictions;

- the establishment of a common external tariff (CET) characterized by a substantial reduction in the number of duties and charges. The tariff is composed of the following three permanent duties and charges:
- the customs duty, comprising four rates: 0 per cent, 5 per cent, 10 per cent and 20 per cent;
- the statistical levy: 1 per cent;
- the Community solidarity levy: 1 per cent.

WAEMU applies a tariff peak of 22 per cent (compared with 100 per cent for certain member States prior to the establishment of the CET). This peak is far lower than the bound customs duty rates (with the WTO) of various member States.

The tariff was devised in accordance with Article 77 of the WAEMU treaty, which provides as follows: "in accordance with the provisions of Article XXIV (24) of the General Agreement on Tariffs and Trade (GATT), the Union shall ensure that the overall incidence of customs duties and other regulations of commerce vis-à-vis third countries is not more restrictive than that of the provisions in force prior to the establishment of the Union". It was to be applied by member States as of 1 January 2000.

Côte d'Ivoire, which applies the (WAEMU) CET, is thus resolutely open to the outside world. This determination, which is shared by the other WAEMU member States, is inspired by Article 83 of the Treaty which provides that "in the fulfilment of the objectives, the Union shall respect the principles of the General Agreement on Tariffs and Trade (GATT) with regard to preferential trade arrangements".

This general provision consistent with WTO principles is applied in the context of implementation of other trade policy instruments. This is true of the draft rules of origin for products of the Union and Regulation No. 05/99/CM/UEMOA on Customs Valuation, inspired by the WTO Valuation Agreement.

After seven (7) years of reform, the common market under construction is going through a phase of consolidation. This process is to be continued by the forthcoming introduction of legislation on competition.

## **II. COTE D'IVOIRE'S COMMITMENT**

Like most other developing countries, Côte d'Ivoire has availed itself of the special provisions of Article 20, paragraph 2, in order to request a delay in the effective application of the transaction value.

The competent WTO authorities acceded to Côte d'Ivoire's request by granting a delay of eighteen (18) months, with the possibility of using exhaustively listed minimum values; that period of delay expired on 30 June 2001.

In return, Côte d'Ivoire had committed itself to the fulfilment of certain conditions, including the following:

- Adoption of a programme to strengthen the capabilities of its administrative services;

- no further recourse to the services of inspection companies for preshipment inspection of imported goods;
- implementation of industrial restructuring measures;
- no further recourse to other minimum values upon the expiry of the delay.

Unfortunately, the period of the delay was marked in Côte d'Ivoire by a series of socio-political upheavals which seriously disrupted the harmonious and strict implementation of all the measures specified. Thus, with regard to the strengthening of capabilities, none of the training seminars on transaction value negotiated with the WCO could be held.

Despite this situation and in order to fulfil its international commitments, Côte d'Ivoire has taken steps to ensure the effective application of the transaction value from 1 July 2001. The WTO was so informed by means of notification NV/No. 113/MPCI/SE-2/eph/01, dated 21 June 2001, from the Permanent Mission of Côte d'Ivoire in Geneva.

### **III. REQUESTS**

Côte d'Ivoire intends to continue the programme for strengthening valuation capabilities, with generous international cooperation and assistance from the WTO and WCO in particular.

However, Côte d'Ivoire plans to approach WTO Members on the subject of developments affecting its industrial fabric, which has reached an advanced stage of deterioration as a result of the above-mentioned socio-political upheavals and the subsequent economic recession.

By way of example:

- The growth rate of the GDP, which was 7 per cent between 1995 and 1997, fell to 1.5 per cent in 1999 and became negative (-1.5 per cent) in 2000;
- industry's share in GDP formation fell from 26 per cent in 1995 to 20 per cent in 2000;
- foreign direct investment (FDI) fell from CFAF 242.5 billion in 1997 to CFAF 199.3 billion in 1999 and CFAF 75.4 billion in 2000.

This has resulted in increased poverty. The national poverty threshold of 36.6 per cent in 1995, which had improved to 33.6 per cent in 1998, now again stands at around 35 per cent since 2000.

These microeconomic indicators show that the industrial sector has not benefited from the expected effects of the waiver granted to Côte d'Ivoire for the introduction of minimum values.

In view of Côte d'Ivoire's leading role in the WAEMU (40 per cent of Community GDP), the persistent difficulties in its industrial fabric have had a systematically adverse impact on the economic performance of the Union, which is composed mainly of least developed countries (LDCs).

In overall terms, the productive system of the Union is confronted with difficulties of competitiveness (narrowness of the market, lack of infrastructure, high cost of factors of production, fraud) which are compounded by external threats. Some of the area's products are threatened by unfair trading practices leading to a loss of competitiveness, with the real risk that entire segments of the production system could disappear. It is therefore urgently necessary to provide temporary

support for certain activities so that domestic industry can regain its competitive position and in order to confirm its role as an engine of growth in the subregion.

For this reason, Côte d'Ivoire appeals to the international community to show understanding for its request for authorization:

- On the one hand, to continue using minimum values for a period of eighteen (18) months; in this connection it should be pointed out that the list of goods for which minimum values are requested was drawn up with due regard for the parlous state of our industrial fabric;
- on the other hand, to use the services of preshipment inspection companies which will be able to carry out their activities within the framework of their respective agreements with the State of Côte d'Ivoire. However, they will henceforth be required to assess commercial transactions, including declared values, in accordance with the spirit and the methods of the WTO Agreement on Customs Valuation.

**LIST OF GOODS TO WHICH MINIMUM VALUES MAY BE APPLIED**

<b>NOMENCLATURE</b>	<b>DESCRIPTION</b>
0105110000 to 0105990000	Poultry
0202100000 to 0210900000	Meat and meat offal
0401100000 to 0402900000	Milk
0902100000 to 0902400000	Tea
1006300000 to 1006400000	Wholly milled rice
1101000000	Wheat or meslin flour
Ex Chapter 15	Refined vegetable oils
1517100000	Margarine
1701911000 to 1701999000	Sugars
1704100000	Chewing gum, whether or not sugar-coated
1704900000	Other (sweets)
1901100000	Milk based food preparations
1902300000	Pasta
1902400000	Couscous
1905300000	Biscuits
2002902000	Tomato concentrates
2203 to 2206 and 2208	Alcoholic beverages
2402200000	Cigarettes containing tobacco
3101000000 to 3105900000	Fertilizers
3306100000	Dentifrices
3401191000	Ordinary soap
3401200000	Soap in other forms
3402200000	Surface-active washing preparations put up for retail sale
3506910000	Adhesives based on rubber or plastics
3605000000	Matches
4011400000	New pneumatic tyres, of rubber, of a kind used on motorcycles
4011400000	New pneumatic tyres, of rubber, of a kind used on mopeds
4011500000	New pneumatic tyres, of rubber, of a kind used on bicycles
4013200000	Inner tubes, of rubber, of a kind used on bicycles
4013900000	Inner tubes, of rubber, of a kind used on mopeds
4013900000	Inner tubes, of rubber, of a kind used on motorcycles
4820200000	Exercise books
3208291000 and 520929100	Damask and the like, bleached
Ex Chapters 52, 54, 55	Dyed or printed fabrics

NOMENCLATURE	DESCRIPTION
5310900000	Jute fabrics
6305100000	Sacks, of jute
6305330000	Woven polypropylene sacks with a carrying capacity of 100 kg.
6305330000	Woven polypropylene sacks with a carrying capacity of 50 kg.
6305330000	Woven polypropylene sacks with a carrying capacity of 25 kg.
6309000000	Worn clothing
7210410000	Galvanized sheets and plates (corrugated and panted)
7214 and 7215	Bars and rods of iron or non-alloy steel
7216	Angles, shapes and sections of iron or non-alloy steel
7306301000	Other tubes, welded, of iron or steel
7317000000	Nails, tacks
7323940000	Enamelled table or kitchen articles
7606111000	Corrugated aluminium
7615110000 to 7615200000	Table, kitchen or other household articles and parts thereof, of aluminium; pot scourers and scouring or polishing pads, gloves and the like, of aluminium; sanitary ware and parts thereof, of aluminium
8506101100 to 8506101900	R20/R06 batteries
8711209000	Motorcycles and mopeds
8712000000	Bicycles
8714910010	Moped and bicycle frames
9404210000	Foam mattresses