

**REQUEST FOR AN EXTENSION OF THE WAIVER PURSUANT TO
ARTICLE IX OF THE WTO AGREEMENT IN RESPECT OF
MINIMUM VALUES UNDER THE AGREEMENT ON
IMPLEMENTATION OF ARTICLE VII
OF THE GATT 1994**

SENEGAL

The following communication, dated 21 June 2005, is being circulated at the request of the delegation of Senegal.

I have the honour to inform you that the Government of Senegal has decided to address to the WTO a request for a two-year extension of the waiver it was granted to apply minimum values to goods contained in an exhaustive list of products (Decision of 17 May 2004, WT/L/571 of 7 June 2004, for application until 30 June 2005).

Availing itself of the provisions of paragraph 2 of Annex III of the Agreement on Customs Valuation, Senegal asked leave to apply minimum values for a transitional period of three years to a restricted list of goods.

It has now proved necessary to obtain a two-year extension in order to achieve concrete results, hence our present request for a supplement to the original one-year period set in the Decision of 17 May 2004, which expires on 30 June 2005.

Please find attached:

- A reasoned request; and
 - a status report on the implementation of minimum values (G/C/W/523, G/VAL/N/4/SEN/2).
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Context

The Agreement on Implementation of Article VII of the GATT 1994 (WTO Agreement on Customs Valuation) was incorporated in Senegalese law on 1 July 2001, thus establishing the entry into force of a valuation system based on transaction value.

The above-mentioned Agreement took effect in a context marked by Senegal's involvement in a sub-regional integration process, culminating on 1 January 2000 with the introduction of a tariff

structure that reflects attainment of a fundamental objective of the WEAMU, namely harmonization of the import tariffs of all its member States.

Harmonization, implemented through a Common External Tariff (CET), includes the application of a maximum customs duty rate of 22 per cent, which amply fulfils Senegal's commitments in respect of tariff bindings and of the GATT's general rules on preferential trade regimes. Implementation of the CET also bars the creation of any new tariff lines and the introduction of any quantitative restrictions.

The almost simultaneous introduction of the CET and the new valuation system led to a rollback in protection that exceeds industry's capacity to cope with certain unfair trade practices.

The need to oversee certain sectors deemed vital, which prompted Senegal's request for authorization to use minimum values temporarily, is as present as it ever was.

Anti-competitive trade practices have weakened certain sectors of Senegalese industry, which have suffered a loss in competitiveness.

Reasons

2.1 Period of validity

Authorization to use minimum values was granted by the World Trade Organization (WTO) pursuant to Decision WT/L/571 of 7 June 2004 issuing a waiver for Senegal. The decision imposed two conditions, one limiting the products covered (see list) and the other limiting the duration (three years).

The waiver for Senegal took effect on the date of notification of the WTO bodies, namely 26 June 2002, whereas it was not actually implemented until June 2004. This means that Senegal has not benefited fully from the waiver, which, legally, was to cover a period of three years but which was actually effective for only one year, expiring on 30 June 2005.

The waiver having been applied for such a short time, Senegal has been unable to submit to the Committee on Customs Valuation a status report on the implementation of minimum values. The latter were applied officially only from 2 June 2004, so the results of the study on their economic and budgetary impact would not be meaningful enough.

2.2 LDC Status

The particular constraints linked to Senegal's LDC status, which stem from the narrowness of the domestic market, the lack of infrastructure and the high cost of the factors of production, are liable to exclude the country from world trade. To remedy this situation, the recent WTO Doha Ministerial Conference issued urgent recommendations, one of which called for favourable consideration to be given to requests from LDCs for authorization to use minimum values.

2.3 Data base: valuation file

Senegal is in the process of setting up a system of information on the value of goods, fed by a data base. The data base will be used by Customs in risk assessment procedures. The valuation file will therefore be designed with a view to assessing the potential risk of fraud and ascertaining the veracity and accuracy of the declared customs value of imported goods. Data from the file will not be used either as substitute values or as a mechanism for the establishment of minimum values. The values in the data base will serve only as an indication of potential risk, or for targeting purposes.

2.4 Capacity-building and modernization

For the WTO Agreement on Customs Valuation to be implemented effectively, there will have to be new procedures and a significant improvement in the skills and knowledge of customs personnel. The Customs Administration has embarked on a series of measures to build its capacity and modernize its structures with a view to ultimately mastering customs valuation of the most sensitive products. The measures, which are part of the Senegalese Customs strategic plan, are aimed at

- Training staff of the customs service in risk management, including risk analysis, documents control and post-importation auditing;
- improving the information technology base, and developing a data bank comprising information on importers, for use as a risk management tool;
- mastering new information technologies to facilitate access to export markets and product reference prices, with a view to evaluating potential risks related to the value of imported goods.

To assist it in accomplishing these tasks, Senegal renews its request to the WTO for technical assistance.

Conclusion

In light of the context described above, and in view of the substantive reasons explained in the foregoing paragraphs and of the need to encourage technology transfer, as a matter of urgency, through trade mark and patent licensing contracts in the context of the ongoing relocation process, Senegal respectfully requests the General Council to grant it an extension of two further years in order to make up the full three-year period provided for in the relevant paragraphs of Decision WT/L/571 of 7 June 2004.
