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**Committee on Customs Valuation**

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**NOTIFICATION UNDER PARAGRAPH 1 OF ANNEX III  
TO THE AGREEMENT ON IMPLEMENTATION OF  
ARTICLE VII OF THE GENERAL AGREEMENT  
ON TARIFFS AND TRADE 1994**

**BOLIVIA**

The following communication, dated 5 November 2001, has been received from the Permanent Mission of Bolivia.

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The Permanent Mission of Bolivia has pleasure in submitting herewith the Second Report on the "Implementation of the Agreement on Customs Valuation in Bolivia", which has been prepared by the National Customs Administration.

## BACKGROUND

On 24 November 2000 the Committee on Customs Valuation of the World Trade Organization (WTO) adopted a decision (document G/VAL/37) which authorized Bolivia to delay further the application of the provisions of the WTO Agreement on Customs Valuation in accordance with the terms and conditions set out in that decision.

Within the framework of the Andean Community, Bolivia has continued to suspend the full application of Decisions 378 and 379 relating respectively to customs valuation and the Andean declaration of value. Consequently, in view of the fact that the Decisions referred to have only been partially implemented within the time-limits established for their application, the member countries of the Andean Community may suspend the advantages of the Cartagena Agreement which currently benefit Bolivia. The effective implementation of both Decisions is the only way of solving the problem.

The second substantive paragraph of the decision contained in document G/VAL/37 provides that "the Government of Bolivia shall report to the Committee on Customs Valuation by the end of March and October 2001 on the progress in fulfilling the work programme in Annex I and the status of its implementation of the WTO Agreement on Customs Valuation under the terms and conditions of this Decision".

In fulfilment of the stipulations contained in the previous paragraph, the National Customs Administration of Bolivia provides below the report for October 2001 on the activities carried out with a view to the implementation of the WTO Agreement on Customs Valuation in Bolivia. The report is set out on the basis of the themes listed in Annex I of the Decision in document G/VAL/37.

## REGULATIONS AND PROCEDURES

In fulfilment of Bolivia's WTO commitments and in view of the factors described in paragraph 2 of this document, the National Customs Administration of Bolivia has initiated a process to reactivate and prioritize all the activities designed to implement the WTO Agreement on Customs Valuation, as well as Decisions 378 (customs valuation) and 379 (Andean declaration of value) of the Andean Community. To date, the results of that process have been as follows:

- Written instructions contained in letters AN-PREDC-222 and AN-PREDC-222-01 dated 11 September to the preshipment inspection companies operating in Bolivia to begin the application of the WTO valuation system as of 1 October this year, "... in conformity with the provisions of Article 5(a) of the Operative Regulations on Import Inspection, Verification and Certification (RVI) and the international commitments entered into by the country ..." <sup>1</sup>
- Adaptation of the RVI so as to facilitate the implementation of the instructions. The adaptation incorporates several modifications with a view to generalising the use and format of the Andean declaration of value (incorporation of Decision 379) and incorporating the Andean system of valuation based on the WTO Agreement on Customs Valuation (incorporation of Decision 378).

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<sup>1</sup> The current Supplementary Contract signed with the preshipment inspection companies (SGS and Inspectorate Bolivia) states in its first clause that the RVI is the regulatory instrument that "... regulates the import inspection, verification and certification services, both as regards the concession holders and the users of the services, and in its capacity as a regulatory and procedural framework may be amended by the National Customs Administration without the need for agreement between parties ...".

The new version of the RVI which has been in force since 1 October, as stipulated in Directorate Resolution No. RD 01-036-01 of 26 September 2001, provides for a gradual transition from the Brussels system to the WTO system based on a transition of tariff items. Article 28 of the new RVI provides that "until 15 December 2001 the Brussels Definition of Value will be applied in the cases of Declaration of Goods or Requests for the Verification of Imports that include goods that come within chapters 39, 73, 84, 85, 87 and 95 of the import tariff, but that as of that date the methodology of the 1994 Gatt Agreement on Customs Valuation shall apply to all tariff headings, in accordance with the international obligations entered into by the Republic of Bolivia and in conformity with the principles of good faith and the promotion of trade.

Furthermore, the National Customs Administration of Bolivia, with a view to fully incorporating the WTO system of valuation, plans, as stated in Directive No. 24 of 1 June 2001, "To begin to dispense with the valuation services of the inspection companies as of January 2002, with a view to phasing them out completely by the end of December of that year". Accordingly, the draft supplementary contract to be signed with the preshipment inspection companies in the course of the final days of October this year provides for the phasing out of the companies on the basis of a timetable set out in extenso in that legal document.

With regard to the Regulations on Customs Valuation<sup>2</sup> the National Customs Administration now has a final version drawn up on the basis of 21 previous drafts. This final version incorporates amendments suggested by Lee Deegan, a World Customs Organization expert, as well as by the internal quality control authorities of the National Customs Administration. The Regulations are due to be formally approved shortly by the Supervisory Committee specifically established for that purpose on the instructions of the Directorate. It is envisaged that the provisions in the Regulations will apply as of 1 January 2002 to all goods which, according to the timetable established in the contract mentioned in paragraph 7, do not require valuation by the preshipment inspection companies. The Regulations and their complementary procedural rules were proposed by consultants engaged for that purpose by the National Customs Administration Reform and Modernization Programme in the middle of 2000.

With regard to the procedures, the National Customs Administration has produced four sets of instructions: (1) Procedures for customs valuation. (2) Procedures for verifying the value declared in customs during the valuation of goods. (3) Procedures for checking the value declared in customs. (4) Instruction manual for the application of WTO valuation methods. The first manual has been revised by the above-mentioned Lee Deegan of the World Customs Organization and is the fullest of the documents since it includes *ex post* valuation operations and methods such as the guided application of the WTO valuation methods. The other three manuals respond to the need to meet procedural, computer and budgetary requirements. It is envisaged that the final version will be approved early in November this year.

## SOFTWARE AND HUMAN RESOURCES

With a view to setting up a database of reference prices, the National Customs Administration studied, on the basis of their scope and cost, the possibility of implementing various projects. Finally, at the Extraordinary Meeting of the Directorate on 20 September 2001, as reported in Record No. 43, the National Control Board was instructed to initiate a programme for recruiting staff to establish a database that would enable the values declared in the commercial invoices to be compared with some reference value, drawing upon the advantages of the SIDUNEA<sup>++</sup> computer system.

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<sup>2</sup> The Regulations on Customs Valuation incorporate the WTO Agreement on Customs Valuation into Bolivian Law. They establish a framework of legal rules, but the procedures for their implementation are the responsibility of other legal bodies.

Staff	No.	Length of contract	Functions
Encoder	1	3 months	To increase the number of digits of the tariff items so as to create suffixes of value
Programmer	1	3 months	To create an interface of the valuation database with SIDUNEA <sup>++</sup>
Specialists in price determination	3	3 months	To establish reference prices for key goods
Price analysts	3	Permanent	Maintenance of reference prices in the databank

This course of action originated at the Directorate meeting of 21 June 2001, which decided: "To approve the establishment of a database which, through the application of the WTO valuation methodology, will enable the values declared on the commercial invoices to be compared with some reference value. The database should be established in such a way as to extend the tariff code and develop a module that will provide a link with SIDUNEA<sup>++</sup> so as to provide additional information on the importer and the supplier and obtain information on prices by means of an extended tariff item".

As a result, the National Customs Administration decided to take the following priority measures: (1) to develop a system for encoding the value suffixes which will enable the structure of the tariff item to be extended through the incorporation of specific details for each product. These suffixes will be incorporated into SIDUNEA<sup>++</sup> for subsequent comparison with the traditional reference values accepted by the Customs Administration. (2) to create an additional method of control linked to SIDUNEA<sup>++</sup> incorporating information on the importer and supplier, in accordance with WTO requirements, such as links, restrictions, considerations, royalties, etc. With regard to the first measure, the National Customs Administration needs to recruit, as a consultant, an encoding specialist for three months, in order to develop the value suffixes corresponding to the nine most important tariff chapters of the current structure of imports. The development of these suffixes will be based on the encoding system currently in use in Argentina, but with appropriate modifications in accordance with the NANDINA customs import tariff. For the purposes of carrying out this task the encoder will travel to Buenos Aires in order to acquire the necessary knowledge and information.

Alongside the above-mentioned measures, it should be noted that the National Customs Administration Reform and Modernization Programme (PROMA) recruited, as of June 2000, a team of consultants devoted exclusively to the preparation of the implementation of the WTO Agreement on Customs Valuation in Bolivia. Until the second half of 2001 the team consisted of six professionals, but currently only has three members. An important part of the work of these professionals has been directed towards training. In addition to attending the local courses on valuation<sup>3</sup>, these professionals will carry out visits to the customs authorities in Peru, Argentina and Brazil with a view to familiarizing themselves with the issues involved in the implementation of the WTO Agreement on Customs Valuation.

## TRAINING

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<sup>3</sup> Clause 11 of the Supplementary Contract signed between the preshipment inspection companies and the National Customs Administration obliges the companies to provide technical assistance amounting to a minimum of 240 hours of training for the benefit of a minimum of 60 officials. The National Customs Administration has taken advantage of this opportunity in order to promote the WTO system of valuation. Approximately half the courses were on that subject and were provided at the national level.

With a view to "Training all officials of the National Customs Administration in areas concerned with the valuation of goods according to WTO rules"<sup>4</sup>, the training plan will be carried out by the consultants of the Valuation Department recruited under the PROMA, once all the documents containing the procedural rules have been approved by the institutional authorities. The plan is scheduled to be put into effect in November and should continue until the beginning of December 2001. The following subjects will be covered:

- (a) Regulations on customs valuation;
- (b) Procedure for the valuation of imports (with regard to customs valuation);
- (c) Procedure for deferred checks (with regard to customs valuation);
- (d) Instruction manual for the application of the WTO Agreement on Customs Valuation;
- (e) Sworn declaration of customs value (Form 151).

The training will be carried out by the three consultants together with the Chief of the Valuation Department and should include at least all the officials who are directly or indirectly involved with the introduction of the WTO Agreement on Customs Valuation into the National Customs Administration. For reasons of time and in order to make full use of resources, training centres have been set up so that all the customs officials who have not been visited directly by an instructor may attend courses. The customs posts which are more remote but located within the same department or sector will select the officials to be trained and send them to attend one of the courses in one of the training centres.

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<sup>4</sup> Customs Valuation Training Plan. Document of the Bolivian National Customs Administration.