

**Council for Trade in Goods  
Committee on Customs Valuation**

Original: French

**STATUS REPORT ON THE IMPLEMENTATION OF  
OFFICIALLY-ESTABLISHED MINIMUM VALUES**

Decision Pursuant to Article IX of the WTO Agreement (WT/L/571)

SENEGAL

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

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**I. INTRODUCTION**

Senegal incorporated the WTO Agreement on Customs Valuation in its legal system on 1 July 2001.

On 26 June 2002, Senegal applied to the competent WTO bodies for authorization to use minimum values on a limited and transitional basis.

By decision WT/L/571 of 7 June 2004, the WTO General Council acceded to Senegal's request, and, upon receiving notification by official communication No. 1035 of 2 June 2004, Senegal gave the mentioned decision regulatory and mandatory status.

Consequently, the application of the requested waiver can only cover a time period of one year.

Pursuant to the above decision, the Customs Administration of Senegal, in cooperation with the representatives of trade and industry, is reporting on the status of implementation of minimum values.

**II. IMPACT OF MINIMUM VALUES ON IMPORTS**

At the date of this assessment, 31 March 2005, nine months have gone by, a reasonable reference period for a reliable interim assessment based on a fairly representative sample of the list of products subject to minimum values.

For the purposes of this analysis, and for the sake of consistency and parallelism, the statistical data on imports of the selected products over a period of nine months preceding the application of the waiver (ex-ante) and those relating to the same products over the same time period following its application (ex-post) will serve as a basis of comparison. The earlier period will cover August 2003 to May 2004, while the subsequent period will cover June 2004 to March 2005.

The analysis will be based on comparison criteria such as value (CIF and minimum value), weight, quantity and duties and taxes.

The number of eligible products from the list for which specific elements are involved being negligible, value will be the chief criterion used for the analysis. This approach is further justified by the fact that the fiscal revenue indicator expressed in terms of increase or decrease in duties and taxes is purely incidental in comparison to the variation in the leading indicator, namely value.

Finally, the results of the analysis will be compared with the results of the questionnaire sent out to those concerned on the impact of the application of minimum values, notably on the industrial fabric.

The following should be noted in this connection:

- (1) Chapter 48 products: A comparison between the two periods reveals that imports decreased for 48 18 20 to a low of 236,279,802 F.CFA, whereas they had been at 398,177,357 F.CFA - in other words, a difference of 161,897,551 F.CFA.
- (2) For the Chapter 17 products, imports fell from 1,596,739,759 F.CFA during the period preceding the application of minimum values to an estimated 922,178,365 F.CFA for the subsequent period, i.e. a gap of 674,561,394 F.CFA.
- (3) For chapter 19, there was also a decrease in imports for the period subsequent to the application of minimum values in comparison to the earlier period. The same trend can be observed for 19 12 30, 19 05 31, 19 05 32, 19 05 90.
- (4) For chapter 22 products, there was a significant drop in imports for all of the headings and sub-headings concerned. The products under this chapter account for the widest gaps between the two reference periods. We recall that the products concerned are alcoholic beverages, which are special in that they are subject to additional taxes as well as minimum values.
- (5) Chapter 24, which concerns cigarettes, is no exception to the rule. The report reveals a slowdown in imports following the entry into force of minimum values. The value of imports for 24 02 20, which stood at 428,515 F.CFA before June 2004, barely reached 13,000,000 F.CFA after June 2004.
- (6) The situation for chapter 63 products is mixed. While heading 63 07 10 (floorcloths) showed a decrease, this was not the case for 63 05, whose various sub-headings performed differently from each other. Generally speaking, however, there was more of a downward trend. The rare cases in which there was an upward trend involved products whose import volume was negligible, for example 63 05 20, whose total imports value stood at 773,726 F.CFA before increasing slightly during the subsequent phase to reach 1,869,039 F.CFA, a variation of 1,095,313 F.CFA. There is one specific case, however, that is worth mentioning, namely sub-heading 63 05 33 (other sacks and bags of polypropylene), the only item in this chapter to have recorded a relatively significant increase in import volume.
- (7) Chapters 73-85 and 87 were no exceptions either: imports fell sharply.

Generally speaking, the synopsis below, which was produced by the computer system of the customs authorities, corroborates the results of the analysis which, with the exception of a few products, confirms the limiting effect of minimum values on imports.

The analysis revealed one particularly noteworthy circumstance, namely the almost perfect match between the official statistical data from the computer system of the customs authorities and the data below from the replies to the questionnaire concerning the impact of the application of minimum values.

### III. IMPACT OF THE APPLICATION OF MINIMUM VALUES ON THE INDUSTRIAL FABRIC

COMPANY	TARIFF ITEM	PRODUCTS	REMARKS
SIPS	48 18 10 48 18 20 48 20 20	Toilet paper Paper handkerchiefs Exercise books	Recovery of 30-40% of market share
Ets SAID NOUJAIM FRERES	17 04 90 19 05 31	Confectionary (sweets and biscuits)	<p>The value of 750F/kg. had made it possible to reduce the volume of imports and increase sales by 10 to 15%. Since then, however, with a drop in the value to 600 F/kg., imports have increased once again with a consequent loss in sales.</p> <p>- The value of 750F/kg. did not provide sufficient protection, since the volume of imports increased.</p> <p>- Situation aggravated by the problem of infringement.</p>
SOGEPAL	19 05 31	BISCUITS	<p>- 39.5% increase in turnover</p> <p>- 40.55% increase in output with spillover effects on the total wage bill, social security contributions, and tax payments (VAT in particular, with an increase of 64%)</p>

COMPANY	TARIFF ITEM	PRODUCTS	REMARKS
SOBOA	22 03 to 22 06 and 22 08	Alcoholic beverages	- Sales of beer increased from July to December 2004 by 18% as compared to 2003 - Decrease in ordinary wine imports in favour of wine in bulk owing to a combined effect of minimum values and the additional tax.
ISENCY	87 11 87 12	Mopeds bicycles	- 181% increase in sales - Short reference period - Case of second-hand mopeds and smuggling of bicycles
SIGELEC	85 06 10 11 85 06 10 12	R20 primary cells and primary batteries R6 batteries	- No statistics - Overall problem of marking and infringement - Slight improvement since July 2004.
MTOA/IMPERIAL TOBACCO	24 02 20	Cigarettes	- 4% increase in sales
SOSAGRAIN	19 02 30	Pasta	- 27% increase in commercial imports - 13% increase in industrial imports
COFISAC	63 05 20	Sacks of polypropylene	- Development of market share from 10 to 20%
CSTM	76 16 19	Household articles	- Increase in output - Re-hiring of laid-off employees

#### IV. CONCLUSION

The reactions of manufacturers to the questionnaire addressed by the Customs Administration to the main employer organizations (SPIDS – CNES) are reproduced in summary form in the table above. They inspire the following conclusions:

- The sample of manufacturers that responded to the request is representative of the sectors of activity to which the products subject to minimum values correspond. In other words, it represents a reliable barometer that can suitably be used to evaluate the impact of the application of minimum values in Senegal.
- The trends that emerge from the statistical data supplied by the companies concerned practically all point in the same direction: increase in market share following a

growth in sales which would appear, in its turn, to be attributable chiefly to the regulatory effects of the minimum values and which have resulted in the maintenance of a healthy competitive relationship in favour of manufacturers and importers to the detriment of non-competitive manufacturers and unfair importers.

However, leaving aside this constant, strictly sectoral concerns have been expressed according to the branch of activity of the company whose identical or like products are subject to minimum values. These specific concerns, of which there are a great variety, are generally raised as arguments justifying or intending to justify the need to renew the minimum values.

Ultimately, the development of an efficient, competitive, and sustainable industrial fabric depends not only on the renewal of the minimum values, but also on the parallel elimination of unfair and unlawful practices in order to safeguard the enterprises while at the same time defending the interests of the State and protecting consumers by supplying higher quality products that represent no risk to public safety.

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