

**COMMUNICATION FROM BAHRAIN CONCERNING PARAGRAPH 1
OF ANNEX III OF THE AGREEMENT ON IMPLEMENTATION
OF ARTICLE VII OF THE GENERAL AGREEMENT
ON TARIFFS AND TRADE 1994**

Addendum

The following communication, dated 4 June 2001, has been received from the Permanent Mission of Bahrain.

The Permanent Mission of the State of Bahrain to the United Nations Office at Geneva has the honour to enclose herewith a letter along with some documents, from the Office of the Director-General of Customs of the State of Bahrain, concerning the replies to questions and clarifications requested by some Members during the plurilateral meeting to discuss the work programme and the steps for implementing the Agreement on Customs Valuation.

Directorate General of Customs justification for requesting an extension
for the implementation of the WTO Valuation Agreement

Clarifications sought by WTO

1. Computerisation of the Customs Clearing System

It has always been the policy of the Directorate General of Customs to adapt the latest technical developments that are relevant in improving the efficiency and quality of service rendered to our customers. In line with this policy we have carried out an extensive study to develop a suitable computerized system for the clearing activities. An invitation for Tenders was issued in the first half of this year. Evaluation of the bids and implementation of the system is expected to be completed by mid-2002.

This system will enable importers, exporters, clearing agents, banks, shipping agents and other Ministries to work closely with the Customs Directorate in a more efficient and faster manner, which will be very cost-effective. The new system is designed to execute all customs activities in just a single declaration form instead of the present six forms.

We will be closely monitoring the new system. Once we are satisfied that the new system is operating accurately and is resulting in a substantial saving of time and cost, then we shall consider switching over to the fully computerized system, in order to facilitate the implementation of the Valuation Agreement.

2. Training of Directorate General of Customs Staff

Upon the request of the State of Bahrain, the WTO Secretariat sent an expert, Mr. Siegrist to Bahrain, to train the relevant staff of the Customs Directorate, for the implementation of the Valuation Agreement. They conducted workshops to explain all the steps that are required to be taken in order to start the implementation of this Agreement.

These training programmes were attended by experienced officers of the Customs Valuation Departments along with delegates from the private sector, clearing agents, and the training community. A copy of the report submitted by Mr. Siegrist on behalf of the WTO Secretariat is attached¹.

The Customs Directorate is making every effort to implement all the Articles of the Valuation Agreement in an efficient manner with full transparency, by ensuring that the clearing agents and the customs staff have an understanding of this Agreement. Appropriate action is being taken to announce the implementation programme of the Valuation Agreement to all concerned.

Bahrain has no problem in implementing the new Valuation System, providing we make the right start by taking appropriate steps to ensure that the interests of the concerned parties are very well protected.

3. Training of Clearing Agents

One of our targets is to train the clearing agents who are an important part of the customs activities. Hence it is vital to upgrade their abilities and knowledge by imparting appropriate training on how to deal with the new computerized system of clearing and also how to apply the Valuation Agreement. In this regard we invited delegates from the clearing agencies to attend the Seminar which was conducted by the expert officials from the WTO who visited Bahrain from 20-25 January 2001.

4. Implementation of the GCC Unified Customs Ordinance and legislation for the implementation of the same

It was decided in the meeting held in December 2000, by the leaders of the GCC, that the GCC Unified Customs Ordinance will be implemented by all GCC countries by 1 January 2002.

Article 26 of this Ordinance stipulates the methods of customs evaluation which are in line with the WTO Agreement. (Copy of the Arabic version of Article 26 is being sent, as this is the latest amendment and has not been translated into English yet)¹.

The GCC Council has asked to commence the legal explanation of the rules in June 2001. This will enable the competent authorities of the Member States to implement all these procedures in a more efficient manner and with more transparency. It will give the legal explanation of all the Articles.

Article 61 relates to the forming of a Common Valuation Committee to review the complaints of traders and other matters that are raised at Customs Checkpoints by the concerned parties regarding unacceptable assessment values. It has been our past experience that no such cases have been raised in Bahrain, as they have the right to appeal, and also because of the very good relations between traders, Customs Directorate and other concerned parties.

¹ Available for consultation in the Secretariat (Market Access Division).

Article 62 of the Unified GCC Customs Ordinance stipulates the technical solution in the settlement of disputes between the customs, traders or owners of the goods/consignment. In this regard the report of the WTO delegates who were in Bahrain, indicate these points about the GCC ordinance and the contents and explanation regarding Customs Valuation.

5. Implementation of the GCC Common Customs Tariff

A decision has been taken by His Highness and the leaders of the GCC countries to implement the GCC Common Customs Tariff from 1.3.2005 onwards, which will be the start of the GCC Custom Union.

The GCC Customs Tariff is divided into 3 categories as follows:

- (a) Duty free imports: all consumer goods and food stuff which are basic necessities, and some medical materials and equipment, will be free of customs duty.
- (b) Luxury and long life products: the rate of duty will be 5.5 per cent.
- (c) Balance items such as jewellery, watches and some electronic goods will be 7.5 per cent.

From the beginning of the year 2000, Bahrain started the practical implementation of a schedule created, so as to reach the GCC Common Customs Tariff in 2003. Due to this the State of Bahrain will lose approximately 14 Million BD which is about 37 Million \$US. This is the effect of the reduction in customs tariffs from 10% to 7.5% or 5.5% and reduction in customs tariffs on vehicles from 20% to 15% in 2001, and from 15% to 10% in 2002 and from 10% to 7.5% in 2003. (A copy of the explanation of the above is attached)¹.

Once again, Bahrain has no major difficulties in implementing the WTO Valuation Agreement, after being granted the requested extension, as the changes required will have been placed and phased out in a systematic way as was done by other Member countries, to be in line with the requirements of the Agreement.

Presently Bahrain Customs is starting to prepare in many fields, in order to be capable of implementing the Agreement in a proper way:

The steps taken are:

- Onset of the training of the Directorate General of Customs staff in January 2001, when WTO delegates were invited by the State of Bahrain to train staff and give their expert advice and help on implementation of the Valuation Agreement.
- The Directorate General of Customs staff have been attending various training courses in GCC and Arab countries, who are more experienced in customs valuation: for example (a) a workshop was attended in Jordan on the Valuation Agreement from 10-12 April 2001; (b) training sessions held by the Kingdom of Saudi Arabia GCC Council on customs valuation at the beginning of 2001 and to be held later in the year.
- Restructuring of the Valuation Division in the Directorate General of Customs Organization Structure, after taking into account the experience of the GCC and Arab countries, especially Jordan.

Please note that we shall start to implement the Valuation Agreement by the year 2003, as per the extension requested by us in our letter No. M/167/152/16 dated 16 November 2000. Although the work programme submitted by us is up to the year 2005, it does not imply that we are requesting an additional extension.

Attachments¹ :

1. Report of the WTO delegates on the valuation mission 20-25 January 2001, in Bahrain.
 2. GCC Customs ordinance.
 3. Structure of the new division.
 4. Bahrain tariff.
-