TOKYO ROUND AGREEMENTS ON CUSTOMS VALUATION AND GOVERNMENT PROCUREMENT ENTER INTO FORCE.
SECOND ROUND OF TARIFF CUTS TAKES EFFECT.

The Customs Valuation Code and the Agreement on Government Procurement, negotiated in the Tokyo Round of multilateral trade negotiations in GATT, came into effect on 1 January 1981. This completes the entry into force of all the Tokyo Round multilateral agreements on non-tariff barriers to trade.

This was also the date on which Tokyo Round participating countries made the second of the annual tariff cuts agreed upon in the negotiations. The series of annual reductions in customs duties will extend to 1 January 1987, and will result in an average cut of about one third in the level of tariffs imposed by industrialized countries on imports of manufactured goods. Further reductions are being made on agricultural products, and many developing countries have also agreed to make tariff cuts, or to bind tariffs against increase.

All the agreements resulting from the Tokyo Round, covering tariffs, non-tariff measures, dairy products, meat, tropical products, civil aircraft and the so-called "framework" agreements modifying or interpreting GATT rules, have now taken effect. So far, 19 developing countries and 26 industrialized countries have accepted one or more of the Tokyo Round non-tariff agreements.

The Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade (known as the Customs Valuation Code) is intended to provide a fair, uniform and neutral system for the valuation of goods for customs purposes: a system that conforms to commercial realities, and which outlaws the use of arbitrary or fictitious customs values.

1 Customs valuation, government procurement, subsidies and countervailing duties, technical barriers to trade, import licensing procedures, and anti-dumping.
The Code provides a revised set of internationally agreed valuation rules, expanding and giving greater precision to the provisions on customs valuation already found in the GATT. Developing countries may delay applying it for five years from the date of its entry into force.

A Protocol to the Customs Valuation Code, which is deemed to be part of the Code, defines more precisely the powers of customs authorities to combat what they might judge to be fraudulent invoicing. It also provides that signatories will give sympathetic consideration to any developing country which asks for an extension of the five-year delay in applying the Code, and provides for technical assistance to developing countries to help them set up new valuation systems based on the Code's provisions.

The Agreement on Government Procurement lays the basis for greater competition between national and foreign suppliers in the government procurement market. Increased competition, besides benefiting exporters, should also make more effective use of taxpayers' money in government purchases of goods.

The Agreement contains detailed rules on the way in which tenders for government purchasing contracts should be invited and awarded. It is designed to make laws, regulations, procedures and practices regarding government procurement more transparent, and to ensure that they do not protect domestic products or suppliers, or discriminate among foreign products or suppliers. The Agreement's provisions will apply to individual government contracts worth more than SDR 150,000 (about US$200,000).

The Agreement applies to products rather than to services (which are covered only to the extent that they are incidental to the supply of products and cost less than the products). For the purposes of the Agreement, the buyer is a government entity or agency which has been listed in an annex. This list of entities resulted from negotiations among the signatories of the Agreement, which also envisages future rounds of negotiations to bring further entities within its coverage. To join the Agreement, a country is required to make a contribution in the form of a list of its purchasing entities which are covered.

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For brief information about all the Tokyo Round agreements, see GATT Activities in 1979, published by the GATT secretariat in April 1980. For more extensive information, see "The Tokyo Round of Multilateral Trade Negotiations" (a two-volume report by the Director-General of GATT), which gives a detailed account of both the issues and the results. The full texts of all the Tokyo Round agreements have also been published and are available from the GATT secretariat.

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