1. Proposed amendment to paragraph 6

"The CONTRACTING PARTIES might consider whether the last phrase in this paragraph 'or has relation to the contracting party's prescribed method of valuation for duty purposes' need be retained." (Secretariat proposal).

The full sentence reads:

"Any contracting party, shall, however, be free to maintain its requirements of direct consignment existing on the date of this Agreement, in respect of any goods in regard to which such direct consignment is a requisite condition of eligibility for entry of the goods at preferential rates of duty or has relation to the contracting party's prescribed method of valuation for duty purposes."

The amendment is concerned only with the provision that contracting parties shall be free to maintain the right to apply a different method of valuation in the case of goods which are not imported by direct consignment. The Technical Group was of the opinion that the proposal of the secretariat to omit this sentence would have been useful if no country still had in force any regulation which provided for different systems of valuation depending on whether or not the goods were directly imported. Some delegates, however, declared that their valuation systems make such a distinction, particularly Canada, which bases the valuation on the value of the goods in the country where the last commercial transaction took place and not on the country of origin, and South Africa. Although some other delegations were of the opinion that this application of such systems did not necessitate the maintenance of the words in question, it was decided, on balance, to maintain the wording of the paragraph, and the proposed amendment was not adopted.

2. Proposed addition

"The Organization may undertake studies, make recommendations and promote international agreement relating to the simplification of customs regulations concerning traffic in transit, the equitable use of facilities required for such transit and other measures designed to promote the objectives of this Article. Members shall co-operate with each other directly and through the Organization to this end." (Denmark, Norway, and Sweden)."
This amendment was primarily for Review Working Party IV to consider, but the Technical Group was invited to say whether, from the technical point of view, the subject was suitable for such studies. The general opinion was that there is no reason why the studies which the new Organization will take up should not embrace this subject. On the contrary, it was considered that the importance of transit questions to many countries made the subject a very suitable one for study.

The Technical Group considered it desirable, however, to draw attention to the fact that as regards means of transport, the Inland Transport Committee of the Economic Commission for Europe is undertaking similar studies, and that overlapping of the work should be avoided.

**Article VIII**

Formalities connected with Importation and Exportation

1. Attention was drawn to the fact that an amendment had been proposed to the heading of this article, but that this amendment had been referred to the legal working party.

2. Proposed amendment to paragraph 1

"The first sentence speaks of 'fees and charges' thus apparently dealing with problems extending beyond the question of 'formalities'. It may be desirable to separate the two distinct problems which are covered by this and subsequent paragraphs, namely (i) the limitation of levies on imports and exports to customs duties, on the one hand, and to charges to cover the cost of services rendered, on the other, and (ii) the formalities connected with imports and exports in the form of documentary requirements, etc. The separation might be effected by establishing a new article." (Secretariat proposal).

This proposal did not find any support, as it was considered that it was convenient to deal with both questions in the same article, and that no special advantages would result from a separation.

Proposed amendment to paragraph 1

"On the other hand, it has sometimes been difficult to see clearly the relationship between the provisions of Article VIII and those of Article II regarding 'other' duties and charges. It might be useful to clarify this point by indicating that the provisions of Article VIII relate to the customs tariff as a whole and not only to the duties bound under the GATT, and that they are therefore additional to, and consistent with, the specific commitments contained in paragraphs 1(b) and (c) and 2(c) of Article II." (Secretariat proposal).
This proposal also found no support, as the existing wording is obviously not limited to items bound under a schedule and as the proposed change could even lead to confusion.

4. Proposed amendments to paragraph 1

"The contracting parties recognize that fees and similar charges imposed by governmental authorities on or in connection with importation or exportation, shall be limited in amount to the approximate cost of services rendered and shall not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes." (Germany).

"The contracting parties recognize that all fees and charges of whatever character (other than import and export duties and other than taxes within the purview of Article III) imposed by governmental authorities on or in connection with importation or exportation should be limited in amount to the approximate cost of services rendered and should not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes". (United Kingdom).

The sentence reads at present:

"The contracting parties recognize that fees and charges, other than duties, imposed by governmental authorities on or in connection with importation or exportation, should be limited in amount to the approximate cost of services rendered and should not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes."

The object of both proposals is to clarify the term "fees and charges, other than duties". After discussion the adoption of the United Kingdom proposal (which uses the wording of Article 36 of the Havana Charter) was unanimously agreed, the German delegation having withdrawn their proposal.

5. Proposed amendment to paragraph 1

"It is suggested that the last part of the first sentence be amended to read as follows:

......any such fees and similar charges shall be levied at a flat rate only and not as a percentage of the value of the goods involved, except in cases where the percentage rate does not exceed one per centum of the value of the consignment." (Germany).

This proposal was withdrawn.
6. Proposed amendments to paragraphs 1 and 2

In the first sentence of paragraph 1 of this article, alter "should" to "shall" to read:

"The contracting parties recognize that fees and similar charges imposed by governmental authorities on or in connection with importation or exportation, shall be limited in amount to the approximate cost of services rendered and shall not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes." (Germany).

The German delegate explained that the intention of this proposal was to strengthen the force of this paragraph, which at present is worded only as a recognition of principles, whereas his delegation considered that the provision should have binding force, subject to the terms of any interim regulation, such as that afforded by the present Protocol of Provisional Application. After discussion in which this view received support, the delegates of Germany and the United Kingdom were requested to draft a revised text of paragraphs 1 and 2 of Article VIII to give effect to this view. A text was duly drafted, but when it was discussed, the delegate of Brazil expressed the view that if this provision were given binding force, it might constitute a bar to countries accepting the revised Agreement under the procedure which was being discussed by the CONTRACTING PARTIES, in view of the fiscal importance of these fees and charges to certain countries. The delegates of Chile, France and Italy also opposed this revision of the Article, but on the other hand the representatives of Canada, Germany, the Netherlands, New Zealand, Sweden, the United Kingdom and the United States were in favour of the proposal.

The Technical Group therefore put forward the proposed text for consideration by Review Working Party IV in the light of the further consideration which may be given to the general form of the revised Agreement. The following text incorporates the amendment accepted under paragraph 4 above:

"1(a) All fees and charges of whatever character (other than import and export duties and other than taxes within the purview of Article III) imposed by contracting parties on or in connection with importation or exportation shall be limited in amount to the approximate cost of services rendered and shall not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes. The contracting parties recognize the need for reducing the number and diversity of such fees and charges.

1(b) The contracting parties also recognize the need for minimizing the incidence and complexity of import and export formalities and for decreasing and simplifying import and export documentation requirements.

2. Any contracting party shall, upon request by another contracting party, review the operation of its laws and regulations in the light of the provisions of this Agreement."
7. Proposed amendment to paragraph 2

"As indicated in the Interpretative Note it was expected that a majority of the contracting parties would give effect to the principles of paragraph 1 within a few years. Since the Agreement has been in force for six years, it should not be necessary to retain the words 'at the earliest practicable date'. The Interpretative Note could also be deleted." (Secretariat proposal).

This point is covered by the revised text of paragraph 2 given under Section 6 above.

8. Proposed amendment to paragraph 2

"The words 'or by the CONTRACTING PARTIES' might be inserted in the second sentence so as to provide that they also may request a review of the operation of laws and regulations (as they have in fact done for documentary requirements and consular formalities)" (Secretariat proposal).

The Technical Group expressed itself, with a large majority, in favour of the proposed insertion. The sentence under review will therefore read:

"Moreover, they shall, upon request by the CONTRACTING PARTIES or by any single contracting party, review the operation of any of their laws and regulations in the light of these principles."

Of the two countries which did not support this text, Brazil considered that such a request should not be left to bilateral settlement, but should be subject exclusively to a decision by the CONTRACTING PARTIES.

9. Proposed addition

"On the importation of products from the territory of any contracting party into the territory of any other contracting party, the production of certificates of origin should only be required to the extent that is strictly indispensable. Where, on importation, the treatment of any product depends on the fulfilment of particular conditions as to its constitution, purity, quality, sanitary condition, district of production, or other similar matters, the frontier control formalities resulting therefrom should wherever possible be simplified by certificates issued by the appropriate authorities of the country of exportation" (Germany).

After the Italian delegate had suggested replacing the last part of this proposal from the words "Where, on importation, the treatment of any product...." by a slightly modified text of the first sentence of Article 13 of the Geneva Convention on Simplification of Customs Formalities of 3 November 1923, the German delegation withdrew this part of its proposal in favour of the Italian suggestion. It was agreed to deal with these two sentences as separate proposals.
As regards the first sentence, only five delegates of the Technical Group were in favour of inserting such a provision in the Agreement, while six were against such an insertion. The objections were that the matter was already sufficiently covered by paragraph 1 of Article VIII, and that the insertion of this point of detail would weaken the effect of the general recommendation. On the other hand, there was support (five votes in favour, four against) for an alternative proposal to provide for an interpretative note expressing the same idea as the proposed amendment, as follows:

"It would be consistent with paragraph 1 of Article VIII that on the importation of products from the territory of any contracting party into the territory of any other contracting party the production of certificates of origin should only be required to the extent that is strictly indispensable."

As mentioned above, the Italian delegate proposed the addition of a new paragraph on the lines of the first sentence of Article 13 of the Geneva Convention of 3 November 1923, as follows:

"Where the régime applicable to any class of imported goods depends on the fulfilment of particular technical conditions as to their constitution, purity, quality, sanitary condition, district of production, or other similar matters, the Contracting States will endeavour to conclude agreements under which certificates, [stamps or marks] given [or affixed] in the exporting country to guarantee the satisfaction of the said conditions will be accepted without the goods being subjected to a second analysis or other test in the country of importation, subject to special guarantees to be taken where there is a presumption that the required conditions are not fulfilled."

This proposal was rejected by a majority (eight to five).

10. Proposed addition

"The contracting parties should agree on the form of the certificates referred to in sub-paragraph 3(a) above. They should, in particular, take steps with a view to standardizing the models of certificates of origin, compiling a common list of goods for which proof of origin should not be required, determining and making known the authorities competent to issue certificates of the type referred to under sub-paragraph 3(a) above, circulating sample signatures of the persons authorized to sign such certificates, and establishing common rules for the verification of such certificate" (Germany).

During the course of the discussion the German delegate requested that his proposal should be limited to the following wording:

"The contracting parties should also take steps with a view to standardizing the models of certificates of origin."
A number of delegates pointed out, however, that the national provisions necessitating proof of origin were so diverse that the problem of standardizing the form of certificates of origin offered no prospect of solution whatever. Further, it was pointed out that the contracting parties could continue to study the question of origin as an ordinary sessional item. The Technical Group therefore decided against the adoption of this proposal.