REPORT OF THE WORKING PARTY ON TRADE AND CUSTOMS REGULATIONS
TO THE CONTRACTING PARTIES

1. The CONTRACTING PARTIES, instituted at their meeting on 23 October 1956 (SR.11/8) the Working Party on Trade and Customs Regulations, and requested it to consider the questions on the agenda relating to consular formalities, marks of origin and certificates of origin, in the light of all the relevant documents and to submit recommendations thereon to the CONTRACTING PARTIES.

2. The report and the suggestions made by the Working Party in accordance with its terms of reference are set out in the following sections dealing with the various problems.

3. The Working Party recommends the derestricion of the extended information collected from the governments and published in documents L/478 and Addenda, L/556, L/479 and Addenda and the report of the Working Party so as to give the persons interested the possibility to study the systems in force in the various countries.
CERTIFICATES OF ORIGIN

1. The Working Party examined the proposal of the International Chamber of Commerce to amend the second paragraph of the Recommendation on Certificates of Origin, adopted by the CONTRACTING PARTIES on 23 October 1953 (Basic Instruments and Selected Documents, Second Supplement, page 57) which reads as follows:

"As large a number of competent bodies as possible should be authorized to issue certificates of origin, in order to minimize the time taken by traders in obtaining certificates."

2. The International Chamber of Commerce amendment is aimed at ensuring that a multiplication of issuing offices is of real value only if care is taken in selecting them. The recommendation is not limited to the issuing of certificates of origin, but extends to the application of visas issued by these offices on commercial documents relating to origin. The Chamber recommended that the existing paragraph should be replaced by the following:

"Governments should ensure that a sufficient number of authorized and genuinely competent offices is available to trade for the issuance and/or visa'ing of certificates of origin."

3. All delegations represented at the Working Party agreed that the present paragraph 2 should be reworded. Some delegations, however, acknowledging that fact, stressed the point that they did not support the reasons given by the Chamber for the requested change. The following wording, based on the suggestions made by the United Kingdom delegation, has finally been considered to be satisfactory by the majority of the Working Party to replace the existing paragraph 2:

"In order to avoid delay to traders governments should authorize a sufficient number of competent offices and bodies to issue certificates of origin and/or to visa certificates issued by traders."

4. Attention has to be drawn to the fact that some delegations would have preferred to use in the English text the word "offices" instead of "offices and bodies", since it is the increase in the number of offices which is in the interest of the trade, and not the number of institutions dealing with that problem. Other delegations thought that the French word "bureaux" would not be a satisfactory term since it might not include, for example, the chambers of commerce. It was therefore agreed that the corresponding term should read in English "offices and bodies", and in French "bureaux et organismes".

5. In accepting the revised wording the Working Party agreed that care should be exercised by the governments concerned to ensure that the offices and bodies selected are competent.
6. The Working Party understands that the proposed Decision of paragraph 2 is acceptable to the International Chamber of Commerce and therefore recommends that the CONTRACTING PARTIES agree to replace paragraph 2 of the revised Recommendation of 23 October 1953 by the new paragraph 2 as worded above.

The full text of the Recommendation would therefore read as follows:

"(a) Certificates of origin should be required only in cases where they are strictly indispensable.

(b) In order to avoid delay to traders, Governments should authorize a sufficient number of competent offices and bodies to issue certificates of origin and/or to visa certificates issued by traders.

(c) Differences between the goods accompanied by a certificate of origin and the description in the certificate should not lead to a refusal to allow importation when the differences are due to minor clerical errors such as mistakes in the numbering of sacks, etc.

(d) When, for any sufficient reason, an importer is unable to produce a certificate of origin at the time of importation, the customs authorities should grant the period of grace necessary to obtain this document, subject to such conditions as they may judge necessary to guarantee the charges which may eventually be payable. Upon the certificate being subsequently produced, the charges which may have been deposited, or the amount paid in excess, should be refunded at the earliest possible moment."
MARKS OF ORIGIN

1. The Working Party examined the Recommendation of the International Chamber of Commerce (L/430) outlining a number of guiding principles for consideration as a basis for an international arrangement regarding marks of origin.

2. In making this submission it was the hope of the International Chamber of Commerce that countries could agree on a Recommendation leading to a simplification of the national marking requirements, a more uniform application of the existing provisions, and the abolition of regulations which constitute administrative protection.

3. The Working Party considered that it would be a great advantage if those marking requirements could be eliminated which have protective effects, and which are a great burden to international trade. At present exporters shipping to a number of countries find it necessary to provide for various lines of production depending on the marking requirements in the country to which the product is going to be exported.

4. It was stressed that such any Recommendation would have to be considered an elaboration of the principles laid down in Article IX, and other articles of GATT and that it would have to be worded in a way which would make clear that it does not prevent the application of more liberal regulations.

5. The members of the Working Party were, on the other hand, under the impression that the number of questions required further study and clarification. It was considered not advisable to draft a recommendation at this Session. However, the Working Party agreed that the International Chamber of Commerce should be advised of the results of its studies. The International Chamber of Commerce should be requested to clarify certain points.

6. However, the Working Party gave carefully consideration to the following International Chamber of Commerce proposals and arrived tentatively at the following conclusions:

Countries should permit products presented at the frontier without the required mark to be marked under customs supervision and at the expense of the interested party.

7. The members of the Working Party drew attention to the fact that Article IX of GATT satisfactorily deals with that problem. On the other hand they had to acknowledge that in spite of the provisions of paragraph 2 of this Article to the effect that the "contracting parties should permit required marks of origin to be affixed at the time of importation", importers in many instances were experiencing to have difficulty in attaching the mark after importation. Some governments stressed that they, in principle, require that certain products arrive at the place of importation with the mark of origin affixed to them. They considered it necessary to maintain this system, and they are therefore not in favour of a Recommendation which excludes such a requirement.
8. On the other hand they were not opposed in certain instances to permitting, to the marking of the goods prior to release from customs. The Working Party therefore felt that if a Recommendation on this subject should be considered necessary going beyond paragraph 2 of Article IX it could be recommended that the countries should make provision that in exceptional cases the later application of a mark of origin under customs supervision should be made possible.

Simplification of the required mark

9. The advantage which a common agreement on the nature of the mark would have for international trade has been generally acknowledged. In so far as the wording of the mark is concerned, it was stressed by some delegations that the application of the name without any indication that this name indicates the origin of the product would not be sufficient. Therefore it was thought that a term such as "made in ..." should be added to the source of the country. It was pointed out that a Recommendation in that connexion would have to be worded in a way which does not exclude simpler marking requirements such as the application of the word "Foreign".

10. The idea of obliging governments to recognize a single language or a type of symbol agreed upon as a form of mark to be recognized by all importing countries was not considered as being capable of realization at present. To limit the number of possible marking requirements it was, however, thought possible to recommend that if a product is marked in English or French with "made in ..." or "fabriqué en ..." and the country, this should be considered a satisfactory marking.

11. The use of commonly accepted initials for a country to replace a lengthy name, such as, for example UK, USA, should not be excluded. The use of the language of the importing country should not be compulsory.

12. Concerning the way in which a mark is attached on the product, the Working Party did not feel that an enumeration of the possible processes of attaching a mark as laid down by the Chamber of Commerce (printing, stamping, weaving, etc.) should make part of a Recommendation. Otherwise the members of the Working Party were in favour of a Recommendation that any type of mark should be acknowledged which is affixed in a way which ensures that it would be visible at the time of purchase by the consumer.

Marking should be limited to an indication of the country of origin

13. The members of the Working Party considered that a Recommendation concerning additional marking requirements such as the obligation to add the name of the producer or the place of origin or the formula of the product, cannot lie within the scope of any Recommendation dealing with the problem of marks of origin. The point was stressed that in dealing with requirements going beyond the obligation to indicate origin they would not be consistent with the provisions of Article III, if the same requirements did not apply to domestic producers of like products.
Marking should not be required on containers

14. The members of the Working Party were in favour of the idea that no marks of origin should be required on containers, etc., of properly marked products, regardless of whether they are designed to be sold with the product or are serving for transport purposes only. It was, however, stressed that there may be exceptions to this obligation, for example in cases where the commonly acknowledged type of packing is used, such as for margarine boxes containing margarine packets, etc. It was thought that the Recommendation, if introduced by the words "in principle" would give room for such exceptions.

15. Another problem raised in this connexion was that it would not be possible to conform to this Recommendation when the type of packing makes it impossible for the consumer to open it without damaging the goods; for example, writing sets (including paper and envelopes) in cellophane wrapping. To deal with both problems the Working Party thought an acceptable Recommendation would be: in principle, no marking should be required on the package when the mark is readily apparent on the goods at all stages of their exchange in commerce.

Exemption for articles which cannot normally be marked

16. The Working Party was in favour of the Recommendation that the requirement to affix the mark on the containers or packing should be considered satisfactory if the goods consist of liquids, gas, or other products (e.g. photographic films) that cannot be marked.

17. The Working Party was also in favour of a Recommendation - although largely included in paragraph 3 of Article IX - that "Articles which cannot normally be marked, owing to their small size, fragility or composition, or owing to the heavy costs involved, should be exempt from marking, and the necessary indication should be placed on the label or accompanying frame or even on the packing delivered to the consumer".

Exemption for spare parts

18. The Recommendation of the Chamber that component parts should be free from marking on the other hand did not seem clear enough, since various interpretations were possible. The products envisaged could for example be spare parts for imported machinery, as well as for assembling. The Recommendation in this connexion, which seemed to some members of the Working Party to be too wide, needs clarification by the International Chamber of Commerce concerning the basic intention.

Exemptions for goods bearing trade marks etc.

19. The members of the Working Party were not in favour of a Recommendation inviting the governments to be satisfied with trade marks or other indications which left no doubt as to the origin of goods. It was considered that such a Recommendation could not be implemented without instructions being issued to the customs officers. Instructions which were not given in adequate details would lead to an inadequate control. Instruction to give adequate control
would need to be so extensive as to be virtually impossible to compile.

**Exemptions for products of little value**

20. The idea of exempting products of little value - including samples - found a certain appeal among the delegates. Exemptions of products based on specified weight of less than a minimum weight proved to be unacceptable. A Recommendation on the following lines therefore has been considered possible:

"The mark of origin should not be required in the case of consignments of a value less than a maximum to be determined by each country according to the product, it being understood that countries should not indicate a value lower than that provided for by existing legislation."

**Exemptions for non-commercial imports**

21. The idea expressed in that context, namely to free products obviously imported for the personal use of the buyer, was supported by a majority of the Working Party. The point was stressed that if such a Recommendation would be adopted, it should be worded in a way which would include all imports normally enumerated in that context in the customs laws of the various countries, namely imports in consequence of inheritances, trousseaux, etc.

**Exemptions for goods in transit, in bond and for objets d'art**

22. The Recommendation to free from the marking requirement goods in transit, goods placed in bond, and articles which are obviously objets d'art, found general approval. Only one country indicated that it requires for two products (wine and canned fish) marks of origin, even if these products are only going to be placed in bond.

**Penalties should be limited to nominal fines**

23. The members of the Working Party were not in favour of a Recommendation concerning the penalties mainly due to the fact that the Recommendation made by the Chamber would be less liberal than the provisions included in paragraph 4 of Article IX.

**The reexportation of products which can not be marked under customs supervision should be permitted without penalty**

24. The Working Party was, however, in favour of the Recommendation by the Chamber that if the marking was not possible at the time of importation, the reexportation of the product should be permitted without penalty.

**Adequate notice should be given of changes in marking requirements**

25. Although the Working Party recognized that the Recommendation concerning the entry into force or notification did not go beyond the general obligations laid down in Article X of GATT, they were in favour of recalling these obligations (especially in connexion with the marking obligation it is necessary that the traders are given a reasonably long notice before new provisions enter into force) by adopting a Recommendation on the lines suggested by the Chamber, so as to read:
When a government introduces a system of marking or makes it compulsory for a new product, such measures may, for a time, create difficulties for the traders and manufacturers concerned; the manufacturers may, in particular, have to make alterations in their equipment or in their manufacturing methods. It is therefore reasonable to give fairly long notice before the new provisions enter into force and to give adequate publicity to the regulations.
1. In conformity with its terms of reference, the Working Party reviewed the progress that had been made by the countries concerned towards the abolition of consular formalities in accordance with the recommendation of 7 November 1952 (BISD 1st supplement, p. 25).

2. The Working Party has noted with satisfaction that a number of countries have removed or at least considerably relaxed their requirements since the time the recommendation was issued. The Government of the United States, which removed the general requirement, has to be mentioned in this connexion. The United Kingdom has removed its few requirements and France has reduced the obligations to present consular visas to a few countries and a limited number of products.

3. The Working Party also noted with satisfaction that France and Ceylon promised the full suppression of their fees and consular requirements in the near future, if possible before the end of 1956.

4. The following seven contracting parties still require consular formalities in a few exceptional circumstances:

- Belgium
- Ceylon
- France
- Greece
- Indonesia
- Sweden
- United States of America

5. There are a number of countries, especially in Latin America, which still have a general requirement of consular formalities, namely:

- Brazil
- Chile
- Cuba
- Dominican Republic
- Haiti
- Nicaragua
- Peru
- Turkey
- Uruguay

Details concerning the requirements of the countries enumerated in paragraphs 4 and 5 have been reviewed by a sub-group, the report of which is annexed.

6. The information received in this connexion showed that it was impossible for many countries to conform with the Recommendation of 1952 to suppress all consular formalities before the end of 1956 and to reduce the consular fees during the interim period.

7. To arrive at a practical solution, it discussed with a number of countries the reasons for maintaining the consular requirement with a view to finding a solution which avoids the difficulties encountered by such governments. Although the replies received did not give a full picture of the reasons for which
the governments wish to maintain consular formalities, two main reasons became clear. The first is the need felt by various governments to ensure, through consular certification, an effective control of the declaration especially concerning the origin of the product and the declared import value. The second reason for which some governments oppose the removal of consular formalities lies in the fiscal aspect.

8. ................
The Sub-Group has examined, with the help of the available representatives of the governments concerned, the situation concerning customs formalities in their countries and mainly the possibility of suppressing customs formalities and consular visas. The present note summarizes the information grouping the countries into two categories - those which exceptionally require customs formalities and those which regularly require such formalities.

1. Contracting parties which exceptionally require customs formalities

**Belgium**

- **Document required:** Visa on certificates of origin
- **Products affected:** Gloves and textile material originating in Hong Kong
- **Intention:** It cannot be indicated when this temporary measure can be abolished
- **Fees:**
  - **Per certification**
    - Under B.Frs.10,000.-: B.Frs.30.=-
    - Above B.Frs.10,000.-: B.Frs.80.=-

**Ceylon**

- **Document required:** Consular visa on commercial invoice
- **Products affected:** Transhipped preferential goods not covered by a through bill of lading
- **Intention:** Arrangements pending to abolish this requirement by the end of 1956
- **Fees:** Free

**France**

- **Document required:** Visa on a certificate of origin or on the manifest
- **Products affected:** Limited number of products imported from the few countries which do not grant reciprocity.
- **Intention:** Arrangements pending to abolish this requirement by the end of 1956
- **Fees:** Per certification - Charges varying according to the country and type of certification from Fr. Frs.500.- to Fr.12,500.-
Greece

Document required: Consular visa on certificates of origin
Products affected: Transhipped goods which are claimed at lower contractual rates
Intention: No statement
Fees: Per certification - US $2.44

Indonesia

Document required: Consular invoices
Products affected: Goods imported from Singapore
Intention: Indonesia would like to maintain this requirement which is in the interest of a special trade and which gives the traders the possibility to import their products at customs offices otherwise not authorized to deal with such imports
Fees: 0.4 per cent of the import value

Sweden

Document required: Consular visa on inspection certificates
Products affected: Live animals and trees, shrubs and plants
Intention: The problem is being studied and the possibility of eliminating the requirement is being considered
Fees: For each certification, 4 Swedish crowns

United States

Document required: Consular visa on certain declarations
Products affected: Exceptional requirement in connexion with assets control
Intention: Will fall automatically away with assets control
Fees: No fees are levied

2. Contracting parties which - but a few minor exceptions - require consular formalities for all shipments

Brazil

Documents required: Consular invoices
Intention: It is considered that in connexion with the tariff reform the requirement of a consular invoice can be replaced by a consular visa. Assurance has been given that the consular fees would not be increased.

Fees:

Invoices up to US $1000 f.o.b. factory US $8.00
For each additional US $500 . US $2.00

Furthermore specific charges up to US $8.00 are collected for additional copies of invoices, certificates of origin, bills of lading etc. 50 per cent reductions for imports on the Lloyds Brasilero has been suppressed by a law of 13 July 1955. Fees are levied at the Consulate.

Chile

Document required: Consular visa on commercial invoice and on bill of lading

Intention: Under study at the present time

Fees:

Invoices of a value over US $50 .2.5% of f.o.b. value
Invoices of a value less than US $50 .1% of f.o.b. value
less than US $15 .free

Charges varying from US $5 to 10 for bills of lading, additional copies of commercial invoices US $5.
Fees are levied at the Consulate.

Cuba

Document required: Consular invoices

Intention: The problem of consular formalities is being studied in connexion with the pending tariff reform

Fees:

Consular invoices on merchandise imported from countries enjoying m.f.n. treatment .2% f.o.b. steamer value from other countries .5% f.o.b. steamer value
In addition on any legalized document:
Cuba Stamp Tax ... US $0.25
Rubber Stamp ... US $0.25
Fees are levied at the consulate.

Dominican Republic

Document required: Consular invoices

Intention: At the present time the revenue received for the certification is regarded as being essential to the budget. A complete reorganization of the Customs administration is being considered and it is possible that the present requirement for consular formalities may be revised. No indication can be given as to when this might take place.
Fees: Invoices .... 3% of the f.o.b. value
plus charges varying from US $0.25 to 7 for
certain documents
A nominal charge is made for the consular forms
Special fees levied at Consulates, 3% tax levied at
importation with customs duties

Heiti

Document required: Consular invoices

Intention: No statement

Fees: Invoice ..... 1% of the f.o.b. value minimum US $2.00
Fees are levied at the Consulate

Nicaragua

Document required: Consular invoices, consular visa

Special provisions: Consular invoices are required only on imports by sea
or by mail. For imports by air, commercial invoices
visited by the Consulate are recognized.

Intention: During 1957 consular invoices might be replaced by
consular visas on commercial invoices. Relaxations under
consideration.

Fees: Invoice ....... 5% of f.o.b. value
Shipments to Neptune Co. 3% of f.o.b. value
A nominal charge is made for the consular forms.
Fees are levied at the Consulate

Peru

Document required: Consular invoices; consular visa

Special provisions: All imports of a value less than US $100 are free from
consular formalities

Consular invoices are required only on imports by sea
or by mail. For imports by air, commercial invoices
visited by the Consulate are recognized.

Intention: A replacement of the existing system would only be
possible if the declared import value of products could
be efficiently controlled in another way.

Fees: For certification - US $1.00 or 2.00 depending on the
case
Higher fees are levied exceptionally only on manifests
covering whole shiploads, in which case the fee might
be US $20.
Fees are levied at the Consulate.

Turkey

Document required: Consular visa on commercial invoice
Special provisions: The visa is only required for imports for which lower contractual rates are provided. It is made available within twenty-four hours.

Intention: The replacement of the existing fees by a tax which does not depend on the value of the imported product is under consideration.

Fees:
- Over US $3,600 ...........0.3% of f.a.s. value
- Under US $3,600 ...........0.5% of f.a.s. value

Fees are levied at the consulate.

Uruguay

Documents required: Consular invoice

Intention: No statement

Fees¹:
- Consular invoice basic fee ...... US $10.50
- plus f.o.b. value multiplied by 1.90 pesos x 0.001 x US $2.10 (consular rate)
- plus rates varying from US $0.75 to 21 for special certification.

To be paid at the consulates.

¹ Not confirmed.