Proposals Affecting Customs Administration

The proposals submitted by contracting parties and by the secretariat on Articles V to X are listed in this document. References to the documents containing these proposals are given only in those cases where the proposed text or the supporting statement is not reproduced in full.

<table>
<thead>
<tr>
<th>Article</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article V</td>
<td>Freedom of Transit</td>
<td>2</td>
</tr>
<tr>
<td>Article VI</td>
<td>Anti-dumping and Countervailing Duties</td>
<td>2</td>
</tr>
<tr>
<td>Article VII</td>
<td>Valuation for Customs Purposes</td>
<td>3</td>
</tr>
<tr>
<td>Article VIII</td>
<td>Formalities connected with Importation</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>and Exportation</td>
<td></td>
</tr>
<tr>
<td>Article IX</td>
<td>Marks of Origin</td>
<td></td>
</tr>
<tr>
<td>Article X</td>
<td>Publication and Administration of Trade Regulations</td>
<td>5</td>
</tr>
</tbody>
</table>

Proposals for enlarging the Agreement
ARTICLE V
FREEDOM OF TRANSIT

A new Paragraph

1. Denmark, Norway and Sweden propose the insertion of the following new paragraph relating to the functions of the proposed organization:

"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 cooperate with each other directly and through the Organization to this end."

Paragraph 6

2. The secretariat Notes suggest that the CONTRACTING PARTIES might consider whether the last phrase - "or has relation to the contracting party's prescribed method of valuation for duty purposes" - need be retained.

ARTICLE VI
ANTI-DUMPING AND COUNTERVAILING DUTIES

Paragraph 1

3. New Zealand proposes the following be inserted after the first sentence:

"Accordingly contracting parties shall refrain from action which would cause or encourage dumping of this kind."

Paragraph 4

4. Denmark, Norway and Sweden propose the following amendments in the last four lines of the paragraph:

"...... by reason of the exemption of such product from customs duties or indirect taxes actually borne by the like product, or actually borne by the material going into the manufacture of the like product, when destined for consumption in the country of origin or exportation, or by reason of the refund of such customs duties or indirect taxes."
In view of the prevailing practice of exempting exported goods from certain internal taxes, it is proposed in the secretariat Notes that it might be useful to reconsider this paragraph which, it appears, was intended to refer only to indirect taxes such as sales and turn-over taxes. Further, it might be compared with Article VII:3 in order to obtain consistent phraseology.

5. Germany proposes an addition to this paragraph to allow the application of countervailing duties in cases where the refund is in excess of the amount of the duties or taxes borne by the like product (L/261/Add.1, p.6).

Paragraph 6

6. New Zealand proposes that it should not be necessary for a contracting party to obtain a waiver from the CONTRACTING PARTIES in order to levy an anti-dumping or countervailing duty for the purpose of offsetting dumping or subsidization which causes or threatens material injury to an industry in the territory of another supplying contracting party, provided that any such action is reported to the CONTRACTING PARTIES and to the exporting country concerned (L/270/Add.1).

New Paragraph

7. Denmark, Norway and Sweden suggest that the proposed organization should endeavour to bring about a standardization of rules for the investigation of dumping and subsidization, and of procedure for levying anti-dumping and countervailing duties. They would also require members to inform the proposed organization of their laws and regulations in these matters and to report annually on action taken under this Article (L/273, L/276 and L/275).

ARTICLE VII

VALUATION FOR CUSTOMS PURPOSES

Paragraph 1

8. In this paragraph the CONTRACTING PARTIES undertook to give effect to the principles of this Article "at the earliest practicable date". As indicated in the Interpretative Note, it was expected that a majority of the contracting parties would give effect to these principles within a few years. Hence, it is suggested in the secretariat Notes that it should not be necessary to retain these words and that the Interpretative Note could be deleted.

9. Denmark, Norway and Sweden propose the insertion of a new provision:

"That Members shall work toward the standardization, as far as practicable, of definitions of value and of procedures for determining the value of products subject to customs duties or other charges or restrictions based upon or regulated in any matter by value. With a view to furthering co-operation to this end, the Organization may study and recommend to Members such bases and methods for determining value for customs purposes as would appear best suited to the needs of commerce and most capable of general adoption."
10. **Germany** proposes an interpretative note to indicate that the term "other charges" in the fourth line does not include "internal taxes or their equivalents as are imposed on or in connection with importation".

**Paragraph 2**

11. **Germany** proposes that sub-paragraph (a) be amended in order to exclude the possibility of choice between alternative methods of valuation. It is further proposed that the domestic price in the country of exportation should be excluded as a basis for valuation (L/261/Add.1, p.7).

12. **Germany** proposes an amendment of sub-paragraph (b) to bring out more clearly the importance of the quantity element in valuation (L/261/Add.1, p.8).

13. **Germany** proposes an interpretative note to provide a rule for the valuation of goods which are imported other than as a result of purchase, for example, goods imported on hire or against payment of a royalty.

14. **Chile** proposes the adoption of an interpretative note (or an amendment of the text) relating to systems of valuation under which ad valorem duties are levied on the basis of fixed values (L/272).

15. Several questions which might be considered in connection with the review of paragraph 2 are listed in the secretariat Notes (L/189, p. 6).

**Paragraph 3**

16. **Denmark, Norway and Sweden** propose to broaden the text as follows:

"The value for customs purposes of any imported product should not include the amount of customs duties or any internal/indirect taxes actually borne by the finished product or actually borne by the material going into the manufacture of such product, applicable within the country of origin or export, from which the imported product has been exempted...."  

17. **Germany**, on the other hand, wishes to make it clear that direct taxes and social insurance contributions are to be included in the value even when refunded in the country of export.

**Paragraph 4**

18. **Denmark, Norway and Sweden** propose that the conversion rate of exchange, used by a contracting party for converting into its own currency a price expressed in the currency of another country, should not differ from the par value established under the International Monetary Fund by more than 1 per cent.

19. It is suggested in the secretariat Notes that the contracting parties may wish to reconsider the provisions relating to the use of par values for the conversion of prices, since the present provisions do not appear to be in line with administrative practice in many countries.
ARTICLE VIII

FORMALITIES CONNECTED WITH IMPORTATION AND EXPORTATION

Paragraph 1

20. The secretariat Notes contain the following comments:

"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.

"On the other hand, it has been sometimes 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(e) of Article II."

21. Germany proposes that the limitation of fees and charges, other than duties, to the approximate cost of services rendered, and that the provision that such fees and charges should not be imposed for protective or fiscal purposes should be made mandatory. It is also proposed that such fees and charges should be levied at a flat rate and not as a percentage of the value of the goods (L/261/Add.1, p.10).

Paragraph 2

22. Contracting parties were required to take action in accordance with the principles and objectives of the first paragraph "at the earliest practicable date". Since the Agreement has been in force for nearly seven years it is suggested in the secretariat Notes that it should not be necessary to retain these words.

23. It is suggested in the secretariat Notes that the CONTRACTING PARTIES should be enabled to review the operation of relevant laws and regulations, as they have done for documentary requirements and consular formalities.

24. Denmark, Norway, Sweden and Germany propose that contracting parties should be required to abolish consular invoices and consular visas for commercial invoices, certificates of origin, manifests, etc., by 31 December 1956.
New Provisions

25. Germany proposes an additional paragraph concerning requirements of certificates of origin and of other documents certifying the results of examinations as to quality, etc.; also it is proposed that certificates should be standardized (ibid, pp. 10-12).

26. It is suggested in the secretariat Notes that the CONTRACTING PARTIES might wish to consider whether some of their recommendations on consular formalities and on documentary requirements could be incorporated in this Article. (These recommendations were published in BISD, First Supplement, pages 24 and 26.)

ARTICLE IX
MARKS OF ORIGIN

New Provisions

27. Denmark, Norway, Sweden and Germany propose that governments should co-operate towards the elimination of unnecessary marking requirements. They suggest that this question should be studied and that it might be possible to establish categories of products in respect of which marking requirements are restricting trade (L/273, 276, 275 and 261/Add.1).

28. Germany proposes that governments should recognize that difficulties and inconveniences caused to the commerce and industry of exporting countries should be reduced to a minimum.

29. Germany suggests that it is desirable to standardize the provisions of national regulations governing the "form, wording and placing of marks of origin".

30. Germany proposes that the CONTRACTING PARTIES should recognize that commercial samples (within the meaning of Articles II and III of the Samples Convention) should be exempt from marking requirements. A memorandum on marks of origin, adopted by the Council of the International Chamber of Commerce, has been distributed to delegations. (ICC Document 131/61)

ARTICLE X
PUBLICATION AND ADMINISTRATION OF TRADE REGULATIONS

Paragraph 1

31. It is stated in the secretariat Notes that it has been shown by experience that the administration of the Agreement would be more effective if copies of laws and regulations, pertaining to rates of duty and restrictions and also agreements between governments or
governmental agencies affecting international trade policy were sent to the secretariat, where they would be available also to the contracting parties.

32. It is suggested in the secretariat Notes that the CONTRACTING PARTIES may wish to consider whether some of the recommendations they made to governments in 1950 on the administration of import and export restrictions and exchange controls should be incorporated in this Article or in the Annex of Regulations and Interpretative Notes. 

PROPOSALS FOR ENLARGING THE AGREEMENT

Foreign Trade Statistics

33. Germany proposes a new article (L/261/add.1, p.17) placing the following obligations on contracting parties:

(i) to publish statistics of imports and exports and of revenue from customs duties;

(ii) to compile trade statistics, so far as possible, on the basis of the tariff nomenclature and, where this is not possible, to publish "a comparative key" between the statistical nomenclature and the tariff nomenclature; 

(iii) to support endeavours designed to facilitate the comparability of international trade statistics.

The secretariat Notes draw attention to the fact that the secretariat has had to rely on trade statistics published by other intergovernmental organizations, particularly the United Nations and the International Monetary Fund, but has found that for many purposes these are not sufficiently detailed. It is suggested that the administration of the Agreement would be facilitated if contracting parties would send to the secretariat copies of their published statistics of external trade and of revenue from import and export duties and also statements of subsidy payments affecting international trade.

1 The Standard Practices were published in pamphlet form in December 1950. Copies will be available for members of the Working Party.

2 An international basis for the publication of comparative statistics - The Standard International Trade Classification - has been adopted by the Economic and Social Council and recommended to members of the United Nations. A code of correspondence between the SITC and the tariff nomenclature recommended by the Customs Co-operation Council has been established (see United Nations Statistical Papers, Series M, No. 10, Second Edition).
Reimportation and Re-exportation

34. Germany proposes a new article "to ensure exemption from customs duties, taxes and other charges for goods imported or exported under a temporary duty-free admission procedure". (ibid, p.38)

Definition of Origin

35. Germany proposes the adoption of the draft definition of origin which was submitted to governments for comment at the Eighth Session in order to secure uniform rules for determining the origin of goods. (ibid, p.41)

Official Information on Customs Matters

36. Germany proposes a new article requiring contracting parties to make arrangements whereby exporters would be able to obtain full information on customs matters from the customs authorities of other governments. (ibid, p.36)