

RESTRICTED

GENERAL AGREEMENT ON TARIFFS AND TRADE

COM.IND/6/Add.2
16 December 1968

Limited Distribution

Committee on Trade in Industrial Products

INVENTORY OF NON-TARIFF BARRIERS

Addendum

Customs and Administrative Entry Procedures

The Committee on Trade in Industrial Products agreed at its meeting in October 1968 (L/3083) that the barriers classified in this section were to be sub-classified as follows:

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Some difficulties were met in drawing the line between sub-sections E, F and J of the present section and between these sub-sections and sub-section E (Consular fees) of section 5 - Restraints on Imports and Exports by the Price Mechanism (document COM.IND/6/Add.5). These four sub-sections should thus be examined in connexion with each other.

The notifications falling in sub-sections D and G of the present section are also closely related and should be examined jointly.

It should be noted that certain non-tariff barriers which in the framework of the Kennedy Round were considered as assessment problems (e.g. the United States "wine-gallon" system), for the purposes of this study have been classified in section 5:C (Discriminatory excise taxes etc.).

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Products affected | Country notifying and comment ¹ |
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A. Countervailing duties

GENERAL COMMENTS

EEC: At the present time, the policies pursued in this regard by the various contracting parties show the same lack of uniformity that was characteristic of anti-dumping policies prior to the code signed on this subject at the end of the Kennedy Round.

The Protocol of Provisional Application of the General Agreement deprived the relevant GATT provisions (Article VI) of much of their binding force. One result of this is that when introducing a countervailing duty, the United States, Canada and New Zealand do not take account of the element of injury, although Article VI of GATT, and also the Community legislation, make this an essential condition for any defensive measure.

Furthermore, there is no generally recognized interpretation of the above-mentioned GATT rules which in many respects are vague and imprecise.

The Communities would therefore wish a confrontation to take place on the procedures followed in this respect by the various contracting parties, with a view to arriving at a uniform and mandatory interpretation of Article VI of the General Agreement, based on the general guidelines set forth in the anti-dumping code.

JAPAN: Countervailing duties, which are under consideration by other bodies of GATT, may also need to be taken up in the future, if circumstances so require.

¹Underlined material appearing in either column is counter-comment by the country maintaining the restriction.

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Products affected | Country notifying and comment |
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A. Countervailing duties (cont'd)

CANADA

NEW ZEALAND

Countervailing duties.

EEC: (See also EEC notification in General section on need for a code in this area.) The Protocol of Provisional Application of the General Agreement deprived the relevant GATT provisions (Article VI) of much of their binding force. One result is that when introducing a countervailing duty ... Canada, New Zealand and the United States ... do not take account of the element of injury although Article VI of GATT and also the Community legislation make this an essential condition for each defensive measure.

Counter-comment by New Zealand: The element of injury to the domestic industry is invariably taken into account when imposing a countervailing duty. This is in accordance with Section 129 of the Customs Act 1966.

UNITED STATES

Countervailing duties.

CANADA: The United States countervailing legislation, although of a mandatory character, does not, inter alia require a finding of injury.

EEC: See above.

UNITED KINGDOM: Section 303, Tariff Act (countervailing duties): the United States Treasury is required to impose an additional duty on any imported goods that benefit from a manufacturing, production or export subsidy. The additional duty is levied even though the imports cause no injury to American industry.

B. Anti-dumping duties
GENERAL COMMENTS

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JAPAN: The Japanese Government has a deep concern on the administration of anti-dumping measures of other countries, and it hopes that the International Anti-Dumping Code will be accepted by as many countries as possible. If problems arise which cannot be solved within the framework of this code, it will be necessary to take up such problems at a later date.

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Products affected | Country notifying and government and description |
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| B. Anti-dumping duties (cont'd) | | |
| AUSTRALIA | | |
| Upon complaint by Australian industry that goods are being dumped in Australia, the Minister for Customs may, if satisfied that a <u>prima facie</u> case exists, impose dumping cash securities at arbitrarily determined levels pending investigation by the Tariff Board. | Knitted shirts (dumping duties), cotton sheetings, bed sheets and pillow cases (dumping cash securities) | HONG KONG: The fact that there is no time-limit for the Tariff Board to produce its findings, and the resultant uncertainty has a definite inhibiting effect on the development of trade. |
| | | UNITED KINGDOM: Australia has not adhered to the GATT anti-dumping code which specified a normal limit of three months for provisional action. |
| AUSTRIA | | |
| | There is no time-limit for the Tariff Board to produce its findings on dumping. | HONG KONG: The Austrian Government have recently revised the legislation. In a number of ways, it is even more contrary to the provisions of the GATT than hitherto and is likely to have an even more deleterious effect on Hong Kong's trade with Austria. |
| AUSTRIA | | |
| | The Austrian Government apply anti-dumping legislation to imports of woollen knitwear from Hong Kong in circumstances of alleged market disruption, and in several instances, importers have been required to pay anti-dumping duties. | Woolen knitwear |
| | | HONG KONG: The Austrian Government have recently revised the legislation. In a number of ways, it is even more contrary to the provisions of the GATT than hitherto and is likely to have an even more deleterious effect on Hong Kong's trade with Austria. |
| | | UNITED STATES: |
| | Anti-dumping procedures: | Government authorized to establish "guiding" or "minimum" prices for products which cause market disruptions. Both prices are calculated on Austrian export prices and production costs. At present, minimum prices are in force for: cotton yarn, cotton fabrics, woollen fabrics, cardigans and pullovers made of wool. |

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Products affected | Country notifying and comment |
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| B. <u>Anti-dumping duties (cont'd)</u> | | |
| CANADA | | <p>Anti-dumping legislation.</p> <p>Dumping in Canadian legislation, section 6 of the Customs Tariff Act, is selling to a Canadian importer at less than the value for duty. In such cases, a "special or dumping" duty equivalent to the difference between the two prices (but not exceeding 50 per cent ad valorem) is levied.</p> <p>HONG KONG: It follows from this provision that where the value for duty has been increased artificially in circumstances of market disruption, the "special or dumping" duty may also be levied when, as is likely to be the case, the selling price is less than the value for duty.</p> <p>UNITED STATES: Legislation permits application of "... anti-dumping duties whenever authorities believe actual values do not reflect "normal" price.</p> |

SOUTH AFRICA

Anti-dumping duties-

HONG KONG: South Africa has imposed anti-dumping duties on a wide range of imports (including most types of clothing, cutlery, enamelware, etc.) from Hong Kong. Calculation of dumping duties is based on "current domestic values" (c.d.v.) arbitrarily determined by the South African authorities and based on West European prices. No attempt has been made to relate such values to actual Hong Kong values and in most cases trade in the items affected has either been severely restricted or eliminated entirely.

Informal consultations have just been concluded with the South African authorities but it is too early to assess whether they will have resulted in any amelioration. Whether or not they do, however, the provisions of the South African regulations in this respect conflict with Article VI of the GATT.

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Products affected | Country notifying and comments |
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| B. <u>Anti-dumping duties</u> (cont'd) SOUTH AFRICA (cont'd) | - | <p>UNITED KINGDOM: Anti-dumping legislation is not strictly in accordance with GATT rules. Whereas the GATT requires under Article VI that material injury must be caused or threatened, South African legislation empowers the Minister to impose this duty "whenever he is satisfied that detriment may result to an industry". South Africa has not adhered to the GATT anti-dumping code.</p> <p>UNITED STATES: Anti-dumping duties of specific amounts are incorporated in South Africa's tariff schedule for specific products from certain countries and sometimes remain in effect for long periods of time.</p> |
| Anti-dumping duties (cont'd). | - | <p>EEC: An order dated 7 July 1967 was published in the Spanish Official Gazette dated 13 July 1967, with a list of goods subject to the "abnormal price" system when imported into Spain. In practice this means that it is impossible to export to Spain the products listed, which include chemicals, textiles, motor-pumps and compressors, refrigerators, washing machines and a large number of electrical domestic appliances. In other cases, anti-dumping duties operate as an import surcharge in Spain in order to protect national production (e.g. machine wire, angles, shapes and sections and sheets and plates of steel). The Communities consider that these measures are incompatible with the general provisions of GATT and request Spain to modify its policy in this regard and in particular to adhere to the Agreement on Implementation of Article VI of the General Agreement.</p> |

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Products affected | Country notifying and comment |
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| R. <u>Anti-dumping duties</u> (cont'd) SPAIN (cont'd) | "Abnormal price" system and anti-dumping measures (cont'd). | UNITED STATES: By alleging "abnormal prices", the Government can suspend all imports of the questioned goods until the investigation is completed. By threatening an "abnormal price" investigation, the Government can induce importers to import goods at a price higher than the world price causing low cost producers to lose their advantage. |

CUSTOMS AND ADMINISTRATIVE PROCEDURES

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and description

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C. Valuation and associated problems of assessment of duty

GENERAL COMMENTS

AUSTRIA: The value for customs purposes of imported products is determined in some countries partially or exclusively on the basis of domestic prices, either because customs authorities are of the opinion that prices given in the invoices are not the correct ones or in order to afford additional protection to domestic industries. In determining the value for customs purposes these countries often tend to use the highest domestic price; in case the imported products are not domestically produced inland prices of similar goods are applied and even increased by means of a system of surcharges.

CANADA: In the case of some non-tariff barriers the difficulty may not be primarily with specific regulations but with a multiplicity of national requirements which can create real difficulties and add to the exporter's costs. The Customs documentation on Labelling Regulations, Food and Drug Regulations, Packaging Regulations, Differential Freight Rates, and Standards and Customs Regulations covering samples are examples of this type of barrier. It should be added, however, that in some cases a specific regulation itself may be unreasonable and cause difficulties. Standards produce a variety of barriers and the difficulty of having products tested and the incorporation of modifications can be both expensive and time consuming. In some countries standards set by Industry or professional associations are applied with the force of law.

Another feature of the Customs administration which applies to a greater or lesser degree in all countries is the need for certainty. Uncertainty in Customs administration can be a major deterrent to trade. Examples include the difficulty of obtaining prior rulings on custom valuation and the lack of information on the allocation of import licences.

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Country notifying and comment |
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| C. <u>Valuation and associated problems of assessment of duty</u> (cont'd) | <p>GENERAL COMMENTS (cont'd)</p> <p>EEC: In expressing their position during the Kennedy Round, the European Communities already drew attention to differences in the legislation of the contracting parties on valuation for customs purposes, as being one of the most important among non-tariff barriers. It is their hope that contracting parties still applying a valuation system contrary to the provisions of Article VII of the General Agreement will conform strictly to the rules set forth in that Article.</p> <p>In addition, they consider it desirable that contracting parties which have not yet acceded to the Brussels Convention on the Valuation of Goods for Customs Purposes, in particular the United States, Australia, Canada and Japan, should move towards the adoption of regulations based on the definition of dutiable value set forth in the annex to that Convention which, further to the principles of Article VII of the General Agreement, established specific rules for the valuation of goods for customs purposes.</p> <p>In the event that as a result of these suggestions, the valuation system based on f.o.b. prices were replaced by a system of valuation based on c.i.f. prices, negotiations would obviously be necessary to the extent that there was any increase in the incidence of customs duties bound within GATT.</p> <p>Moreover, the Communities are aware of the fact that the implementation of such intentions is no short-term undertaking. Pending attainment of the above-mentioned objectives, it is their general hope that those provisions on valuation applied by the United States, Canada and Australia which have proved the most harmful to European exporters, being contrary either to the letter or to the spirit of Article VII of the General Agreement, should be eliminated as soon as possible.</p> |

Country maintaining restrictions
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C. Valuation and associated problems of assessment of duty (cont'd)

GENERAL COMMENTS (cont'd)

INDIA: Differences in the legislation of the contracting parties in regard to the valuation for customs purposes create difficulties in the smooth flow of trade. India's trade has experienced special difficulty in the case of Australia, Canada and the United States because of their customs valuation procedures. These countries do not follow the principles laid down in the Brussels Convention on the Valuation of Goods for Customs Purposes and those laid down in Article VII of the General Agreement.

NORDIC COUNTRIES: In certain countries the dutiable value of goods is determined solely or partially on the basis of the home market price. The basis for the calculation of this price and the investigations required in this connexion often present considerable difficulties to exporters. There is a tendency to take the highest possible home market price as a basis for the valuation.

Certain countries employ so-called customs attachés to verify the information given by exporting firms concerning invoice prices, etc. This verification system, which is closely related to the regulations governing valuation in the country concerned, often imposes added burdens on export firms.

In the countries having acceded to the Brussels Convention on the Valuation of Goods for Customs Purposes, different practices exist as regards the use of the provisions allowing for so-called "up-lifts" in cases where the exporter is represented by a sole agent in the importing country. Such "up-lifts" are used in several cases where the importing country finds, on the evidence available, that the sole agent attends to advertising, to other sales promotion work, to participation in exhibitions, etc. - activities which, although carried out in the importing country, are considered to be factors which, to some extent, should be taken into account in the determination of the dutiable value. The use of "up-lifts" may cause inconvenience to exporters, in that it leads to uncertainty with regard to the duty to be paid. This question has for some time been discussed in the Customs Co-operation Council at Brussels. It would be valuable to find a solution to this problem as soon as possible.

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restrictions and description | Products affected | Country notifying and comment |
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| C. Valuation and associated problems of assessment of duty (cont'd) | | |
| GENERAL COMMENTS (cont'd) | | |
| | | PORTUGAL: The existence of numerous and variable criteria for the assessment of the basic value of the goods in respect of duty rates constitutes, owing to its inherent uncertainty, an additional obstacle to trade. |
| | | UNITED STATES: Valuation practices can constitute yet another type of non-tariff barrier when valuation is arbitrarily calculated or when subject to officially established minimum levels. |
| ARGENTINA | | UNITED STATES: -- |
| Where the actual import price is lower than the "normal price" established by the Prices Investigation Office of the Secretary of designation Industry and Commerce, this "normal price" is used as the basis for duty assessment. A special advisory committee to the Director of the Customs is authorized to determine the import price on which duty is to be assessed in such cases as where the actual import price is lower than the domestic price in the exporting country. | | JAPAN: Such an arbitrary evaluation system has resulted in unstable export transactions, and in fact, has created difficulties with respect to Japan's exports of polyvinyl chloride boards. |
| AUSTRALIA | | "Normal price" is applied only in cases which are exceptional and justified. Its calculation exactly follows international rules. |
| Imports into Australia must be accompanied by customs invoices showing the f.o.b. price and the current domestic values of the goods imported. The dutiable value is determined on the basis of (i) the import value which Australian importer actually pays or (ii) the current domestic value in the exporting country, whichever is higher. | | EEC: The Communities hope that the provisions on valuation applied by Australia which have proved the most harmful to European exporters, being contrary either to the letter or to the spirit of Article VII of GATT, will be eliminated as soon as possible. |
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| C. Valuation and associated problems of assessment of duty (cont'd) | | |
| AUSTRALIA (cont'd) | - Where the current domestic value is not available or where the Minister for Customs deems fit, the Minister may arbitrarily determine a value for duty. | <p>HONG KONG: In the circumstances of Hong Kong, where for many items exported there is no domestic market, this practice introduces an element of uncertainty into the conduct of trade.</p> <p>INDIA: These systems of valuation introduce an element of uncertainty as to the amount of duty which the importer has to pay and have an inhibiting effect on the development of trade. Further, these systems of levying duty on the basis of current domestic values in the exporting country works more to the disadvantage of developing countries, as in many cases the prevailing domestic prices in these countries have no direct relationship with the prices at which they can sell these goods in the international markets. The structural imbalances and the supply scarcities which often exist in developing countries, coupled with inflationary conditions, result in the domestic price ruling at artificially high levels. In addition, in some cases, goods which are products of newly-established export-oriented industries in developing countries are not at all sold in the domestic markets. In such cases comparable current domestic values do not exist.</p> <p>It may be pointed out that the procedures for levy of customs duty on the basis of domestic price in the exporting country instead of the invoice price has had a discouraging effect on the development of India's exports.</p> |

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Products affected | Country notifying and comment |
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| C. Valuation and associated problems of assessment of duty (cont'd) | | |
| AUSTRALIA (cont'd) | All imports | <p>JAPAN: Such a system of valuation can create uncertainty, and it may often be the case that a current domestic value is determined at a level departing from that of the actual value. Further, a direct investigation into firms concerned is conducted by customs representatives to determine the current domestic value, and such investigation, depending on how it is actually carried out, may result in disclosing business secrets and imposing burdensome work on those firms.</p> <p>CANADA: --</p> <p>Synthetic rubber, ethylene, glycol, triethanolamine</p> <p>"Support values": The support values are used on representative duty-paid prices of the product in question. In the case of synthetic rubber, the support value was set at a slightly higher value than the going domestic price. If the duty-paid price of an imported product is less than the support value, an extra customs duty is collected equal to 90 per cent of the difference between the two prices.</p> <p>The references to "support values" should be omitted because those are purely tariff measures.</p> <p>23 items of JAPAN: This is in effect an increase in customs duties, and it is possible that export of items subject to such a system will become difficult.</p> |

CUSTOMS AND ADMINISTRATIVE PROCEDURES

Country maintaining restriction and description

Products affected

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C. Valuation and associated problems of assessment of duty (cont'd)

BRAZIL

Minimum valuation system. These values are fixed by the Bank of Brazil, commodity by commodity, without regard to differences in quality. If specified products are imported at a price lower than the "minimum value", the customs duty is levied on the basis of the "minimum value".

Although customs duties of any other goods are levied in principle on "normal values" at the port of importation (c.i.f. value), prices higher than the c.i.f. values are often used as the "normal values".

Special steel

Many products

UNITED STATES: ---
UNITED KINGDOM: ---
JAPAN: This valuation system may act as a trade barrier depending on the levels at which the prices are fixed. Moreover, the application of the "normal value" may lead to the instability of transactions because items in question, price levels and duration are not made public.

SWITZERLAND: ---

AUSTRIA: As to special steel, these regulations have come into effect on 11 September 1968. Not only are the minimum values assessed by the Bank of Brazil considerably above the average actual values ascertained for Austrian steel exports but they outweigh these actual export values by up to 300 per cent of the latter; this works as an actual duty increase from 50 per cent a.v. to as much as 150 per cent and constitutes therefore a prohibitive barrier to the traditional Austrian exports of special steel to Brazil.

EEC: {See NEC notification in General Section.)

HONG KONG: These provisions of the Canadian Customs Act pose a potential threat to trade.

CANADA

Desirability of adherence to Brussels Convention on valuation.

Pursuant to Sections 35-38 of the Customs Act the value for duty is - either (a) the fair market value being the domestic selling price for consumption in the exporting country (there are also provisions to cover variations in time, quantity and quality between domestic and export sales); or, where like goods are lot sold for home consumption but similar goods are - (b) the cost of production of the goods imported plus a percentage for profit based on the profit earned by the similar goods; or, where like or similar goods are not sold in the country of export - (c) as the Minister prescribes. Market disruption: Section 4(1)(7)(c) of the Customs Act

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Products affected | Country notifying and comment |
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| C. Valuation and associated problems of assessment of duty (cont'd) | CANADA (cont'd) | <p>provides that when goods are imported into Canada in such conditions as injuriously to affect the interest of Canadian manufacturers, A Governor in Council may authorize the Minister to determine the value for duty of the goods concerned. The value determined in this way shall be deemed to be the fair market value.</p> <p>The Customs Act authorizes the Canadian authorities to fix any "fair market value" for imported goods whenever they consider that the invoice price is less than the prevailing domestic selling price in the exporting country.</p> <p>There is no stipulation in the Canadian Law that dutiable value must be no lower than the wholesale price in the exporting country. The relevant section of the Customs Act (Section 26(I)) provides, in part as follows:</p> <p>"The value for duty shall ... be the fair market value, at the time when and place from which the goods were shipped directly to Canada, of like goods when sold</p> <p>(A) to purchasers located at that place with whom the vendor deals at arms length and who are at the same or substantially the same trade level as importor, and</p> <p>(B) in the same or substantially the same quantities for home consumption in ordinary course of trade under competitive conditions."</p> <p>INDIA: These systems of valuation introduce an element of uncertainty as to the amount of duty which the importer has to pay and have an inhibiting effect on the development of trade. Further, these systems of levying duty on the basis of current domestic values in the exporting country works more to the disadvantage of developing countries, as in many cases the prevailing domestic prices in these countries have no direct relationship with the prices at which they can sell those goods in the international markets. The structural imbalances and the supply scarcities which often exist in developing countries, coupled with inflationary conditions, result in the domestic price ruling at artificially high levels. In addition, in some cases, goods which are products of newly-established export-oriented industries in developing countries are not at all sold in the domestic markets. In such cases comparable current domestic values do not exist.</p> |

| Country maintaining restriction and description | Products affected | Country notifying and comment |
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| G. Valuation and associated problems of assessment of duty (cont'd) | | |
| CANADA (cont'd) | INDIA (cont'd) | <p>It may be pointed out that the procedures for levy of customs duty on the basis of domestic price in the exporting country instead of the invoice price has had a discouraging effect on the development of India's exports.</p> <p>Growth of exports of textiles has generally been adversely affected.</p> |
| | JAPAN | <p>JAPAN: Customs valuation, as a rule, is based on the fair market value. In determining the fair market value, however, due consideration is not always given to different commercial practices in the exporting country such as quantity discount and the fair market value is often determined without sufficient foundation, thus constituting a significant trade barrier.</p> <p>In addition, Canadian Customs Act provides that when goods of any kind are being imported into Canada under such conditions as to injuriously affect the interests of Canadian producers, the value for duty of any class or kind of such goods may be arbitrarily determined.</p> <p>The restrictive effect of such customs valuation would be very significant. Furthermore, since it is not known in advance when such clause will be invoked, it leads to instability of transactions and is a factor which interferes with the growth of trade.</p> |

SWITZERLAND: Application of "fair market value" criterion which seeks to place dutiable value no lower than wholesale prices in the exporting country constitutes an obstacle to Swiss trade.

CUSTOMS AND ADMINISTRATIVE PROCEDURES

Country maintaining restriction and description Products affected

Country notifying and comment

C. Valuation and associated problems of assessment of duty (cont'd)

CANADA (cont'd)

Investigation of the fair market value.

JAPAN: In order to determine the fair market value, customs representatives conduct direct investigations into enterprises concerned. These investigations, depending on how such investigations are actually carried out, may lead to the disclosure of business secrets, increase the burden on such enterprises, and thus have adverse effects on the growth of exports.

Legislation permits application of arbitrary value for duty ... whenever authorities believe actual values do not reflect "normal" price.

... certain provisions of Article 36 of the Customs Act on the quantities and level of trade to be taken into consideration for establishing the "fair market value" of imported goods.

UNITED STATES: --

EEC: (See EEC notification in General Section on Long-term objectives.) Pending attainment of the above-mentioned objectives the Communities hope that those valuation provisions applied by Canada which have proved the most harmful to European exporters being contrary either to the letter or to the spirit of Article VII of GATT, will be eliminated as soon as possible.

EEC

Valuation for customs purposes: (legislation being drafted) - draft decree and implementing regulations on which the Council is to take a decision on 1 July 1968. Although fairly close to the definitions and criteria drawn up in the Brussels Customs Co-operation Council, the EEC legislation might nevertheless differ on certain points of interpretation.

CUSTOMS AND ADMINISTRATIVE PROCEDURES

Country maintaining restriction and description Products affected Country notifying and comment

C. Valuation and associated problems of assessment of duty (cont'd)

GERMANY

In the case of the Federal Republic of Germany, Various importers generally prefer to obtain their requirements through the agents of Indian exporters in that country. It is understood that the fee charged by the agents is added to the value of the goods for the purpose of calculation of the import duty.

IVORY COAST

Arbitrary valuation.

JAPAN

Desirability of accepting Brussels Convention on valuation.

Dutiable value.

Used clothing

UNITED STATES: --

EEC: (See EEC notification in General Section.)

SWITZERLAND: Questionable criteria used Certain products include in valuation for customs purposes. including watches, pharmaceutical products, and chemicals

NEW ZEALAND

Customs valuation is to be based on prices for home consumption in the exporting country (the current domestic value).

The Customs Act requires the duty to be charged on the current domestic value in the country of export. Investigations are made from time to time in other countries to determine correct values and to advise exporters on the New Zealand system of valuation. The assessments are based on information obtained from exporters, and the information is held to be strictly confidential to the New Zealand Customs Department.

INDIA: This practice does not appear to be based on accepted international tariff valuation principles. It also imposes an unnecessary burden on the trade.

JAPAN: In determining the current domestic value, due consideration is often not given to different commercial practices in the exporting country, and the value is often determined without sufficient evidence. Further a direct investigation is made by customs officials to determine the current domestic value, and such investigation, depending on how it is actually carried out, may result in disclosing business secrets and imposing a burdensome work on firms.

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Products affected | Country notifying and comment |
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| C. Valuation and associated problems of assessment of duty (cont'd) | | |
| NEW ZEALAND (cont'd) | Imports (cont'd) | SWITZERLAND: -- |
| NIGER | | |
| Arbitrary valuation. | | UNITED STATES: -- |
| PERU | Used clothing | JAPAN: -- |
| C.i.f. value, the basis for customs valuation, is fixed at 120 per cent of f.o.b. value. | Minimum valuation. | 23 items including fishing nets and dry batteries |
| | | Value to be determined by a specific formula regardless of the actual import value. As a result, it is possible that this valuation system will have the same effect as imposing additional customs duties. |
| SIERRA LEONE | Approximately 80 tariff classifications | UNITED KINGDOM: In a letter of intent to the IMF when asking for their current "standby", the introduction of a system of minimum values for imports for duty assessment purposes was announced. |
| Discriminatory valuation base. | Automobiles | UNITED STATES: Valuation based on engine size which discriminates against high horsepower vehicles. |

CUSTOMS AND ADMINISTRATIVE PROCEDURES

Country maintaining restrictions and description Products affected Country notifying and comment

C. Valuation and associated problems of assessment of duty (cont'd)

SOUTH AFRICA

HONG KONG: It is understood that arbitrary value for duty is applied by South African customs to nearly all imports from Hong Kong. The arbitrary value for duty so determined is generally 20 per cent-30 per cent more than the actual f.o.b. price but may be up to 100 per cent more.

South African Customs Law provides that the value for duty of imported goods shall be the f.o.b. price or the current domestic value, whichever is the higher, and that the secretary for customs may determine a value for duty where the current domestic value cannot be ascertained.

A legal weight, which is the basis for a specific duty, is usually determined either by actually weighing the net content or by subtracting from the gross weight the average weight of packagings fixed by the competent Minister.

JAPAN: A direct investigation into firms concerned is conducted by customs representatives to determine the current domestic value. Such investigation, depending on how it is actually carried out, may result in disclosing of business secrets, and imposing burdensome work on those firms concerned.

JAPAN: The former is time consuming and costly as the actual weighing is done in a very strict way, while in case of the latter, the arbitrary decision on the average weight of packagings may be made by the competent Minister. For example, despite the fact that the legal weights of ceramic products of Japanese origin are about 75 per cent of their gross weights, legal weights are fixed at 85 per cent of the gross weights.

CUSTOMS AND ADMINISTRATIVE PROCEDURES

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G. Valuation and associated problems of assessment of duty (cont'd)

UNITED STATES

Desirability of United States
adherence to Brussels
Convention on Valuation.

EEC: The Communities consider it advisable that,

contracting parties which have not yet acceded to the Brussels Convention on the Valuation of Goods for Customs Purposes, in particular the United States ... should move towards the adoption of regulations based on the definition of dutiable value set forth in the annex to the Convention which, further to the principles of Article VII of the General Agreement, establishes specific rules for the valuation of goods for customs purposes.

In the event that as a result of these suggestions, the valuation system based on f.o.b. prices were replaced by a system of valuation based on c.i.f. prices, negotiations would obviously be necessary to the extent that there is any increase in the incidence of customs duties bound through GATT.

The American Selling Price
system of valuation.

CANADA: The ASP system of valuation due to be eliminated
under a Kennedy Round agreement ...

EEC: Pending attainment of the ... Long-term objectives on valuation - see EEC notification in General section/ the Communities hope that these provisions on valuation applied by the United States ... which have proved the most harmful to European exporters, being contrary either to the letter or to the spirit of Article VII of the General Agreement, will be eliminated as soon as possible. These remarks bear in particular, so far as the United States is concerned, on the "American Selling Price" system.

Rubber
footwear

HONG KONG: The inhibiting effects of the ASP system have been well documented in the Kennedy Round, and while it cannot be accurately measured, the effect of this system on Hong Kong exports of rubber footwear has undoubtedly been considerable. The American Government, has, of course, undertaken, subject to Congressional approval, to remove ASP and replace the existing

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Products affected | Country notifying and comment |
|---|--------------------|---|
| C. Valuation and associated problems of assessment of duty (cont'd) | | |
| UNITED STATES (cont'd) | HONG KONG (cont'd) | |
| The ASP system of valuation (cont'd) | | <p>Footwear tariff of 20 per cent ad valorem of ASP by US\$0.25 per pair or 58 per cent ad valorem whichever is the higher with effect from 1 January 1971.</p> <p>INDIA: ... has resulted in duty being levied at a substantially higher level than the official tariff rate, in the case of such exports as that mentioned.</p> <p>JAPAN: As the American Selling Price is subject to fluctuations, it is difficult for exporters to calculate the duties to be collected. This element of uncertainty along with the fact that the tariff incidence actually increases with the rise of ASP has a restrictive effect on imports.</p> |

Imported goods mainly benzoid chemicals, rubber and other chemicals, rubber, can, the basis of domestic prices was taken up during the "Kennedy Round". A "package" deal was negotiated under new claims, which ASP is to be abolished in exchange for further concessions in the United Kingdom and EEC tariffs on chemicals. The abolition of ASP is dependent on Congressional approval.

SWITZERLAND: --

UNITED KINGDOM: The American Selling Price system of valuation of imported goods (mainly benzoid chemicals) on footwear, can, the basis of domestic prices was taken up during the "Kennedy Round". A "package" deal was negotiated under new claims, which ASP is to be abolished in exchange for further concessions in the United Kingdom and EEC tariffs on chemicals. The abolition of ASP is dependent on Congressional approval.

"Final list" valuation.

CANADA: Continued use of Section 402A can result in an imposition of arbitrarily high values for duty purposes which bear little relation to actual transaction values of trade levels concerned.

EEC: (Same comment as made for ASP, see above.)

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Products affected | Country notifying and comment |
|--|-------------------|--|
| C. Valuation and associated problems of assessment of duty (cont'd) | | |
| UNITED STATES (cont'd) | | <p>Section 402a: as a general rule, dutiable value for 1,015 items in the "final List" is to be based either on the export value or the foreign value (the prices for home consumption in the exporting country) of the product concerned, whichever is higher.</p> <p>"Final List" of products is valued under this procedure</p> <p>JAPAN: Since the basis of valuation is uncertain and the dutiable value may be determined, depending on how the Section is interpreted and applied, at a level different from the actual price, this Section may have restrictive effects on imports of the products listed in the "Final List".</p> <p>Further, investigations are made by the United States customs representatives with the exporter and/or the producer to determine the foreign value, and such investigations, depending on how they are actually carried out, may impose a heavy burden on the firms concerned and may lead to disclosure of business secrets.</p> <p>SWITZERLAND: Application of the "home market value" for products included in the "Final List" of 1958, some of which are of export interest to Switzerland, implies a dutiable value calculated according to internal prices in the Swiss market. Because of the fact that, for various reasons, these are frequently higher than the export prices invoiced to American importers, these products are penalized when entering the United States.</p> <p>various machinery and machine tools.</p> |

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Products affected | Country notifying and comment |
|---|-------------------|-------------------------------|
|---|-------------------|-------------------------------|

C. Valuation and associated problems of assessment of duty (cont'd)

UNITED STATES (cont'd)

Other special valuations: "export value", "foreign value", "United States value", "constructed value".

CANADA: ... very detailed and costly analyses for cost of production and constructed value purposes are required.

UNITED KINGDOM: The variety and complexity of these methods and the uncertainty they create form an obstacle to trade.

URUGUAY

Each item has its own "precio c.i.f. promedio" which is set up for customs valuation, in consideration of various factors including average import price and freight

JAPAN: The "precio c.i.f. promedio" often differs from the actual import price. In September 1967, for example, the "precios c.i.f. promedios" of all commodities other than certain raw materials were temporarily increased by 100 per cent. This has substantially the same effect as 100 per cent increase in tariffs, import surtaxes, or prior deposits.

Global customs charge 18 per cent ad valorem, calculated on a fictitious c.i.f. value or alternatively on the actual price of the goods, whichever is more advantageous from the point of view of customs revenue.

All imports

SWITZERLAND: --

UNITED STATES: --

CUSTOMS AND ADMINISTRATIVE PROCEDURE

Country maintaining restriction
and description

Country notifying and comment

D. Harmonization of nomenclature and explanatory notes

GENERAL COMMENTS

AUSTRIA: Some countries have not yet adopted the Brussels Tariff Nomenclature. The tariff schemes applied by these countries are often widely split up in many sub-items thus rendering more difficult the classification of products and delaying exports. Moreover frequent amendments of customs tariffs often prevent exporters from carrying out exact calculations.

EEC: Problems in the field of the tariff nomenclature tend to affect the interests of the Communities in the same manner as problems relating to valuation for customs purposes.

Like many countries, the member States of the European Communities have signed the Brussels Convention on Nomenclature.

Certain other countries, including Canada and the United States, have maintained their existing customs tariffs or have contented themselves with revising them slightly by incorporating a few elements of the Brussels Nomenclature. Although such revision, to the extent that it has been made, can constitute progress in comparison with the situation previously existing, the fact remains that in the light of experience acquired meanwhile, straightforward adoption of the Brussels Nomenclature could have contributed substantially to facilitating not only the tariff negotiations but also trade between these countries and their trading partners, in particular the European Communities.

The Communities therefore consider it desirable that these countries should take steps towards accepting the Brussels Nomenclature.

Until such time as this objective is attained the Communities would wish the customs tariffs in question to be supplemented by explanatory notes similar to those drawn up for the Brussels Nomenclature, and to those now being drawn up for sub-headings in the common customs tariff of the Communities.

PORTUGAL: The lack of clearness and the exaggerated specification or painstaking detailing as practised in certain tariffs represents an important obstacle to trade by reason of the element of incertitude thereby introduced into the respective customs duties, and not least because of the complexity of the required documents and forms.

CUSTOMS AND ADMINISTRATIVE PROCEDURE

Country maintaining restriction
and description

Country notifying and comment

D. Harmonization of nomenclature and explanatory notes (cont'd)

GENERAL COMMENTS (cont'd) PORTUGAL (cont'd)

Wherever quantitative import restrictions subsist, exaggerated specification in the item headings of the customs tariffs must necessarily constitute another limiting factor.

A characteristic example of this situation is represented by the tariff of the United States in respect of cotton textiles. The existence of an extraordinarily large number of specifications enormously hinders the adjustment of the quotas established under the Long-Term Agreement on the Trade of Cotton Textiles to the oscillations of the market, thereby considerably obstructing the interests of importers and exporters alike.

CANADA

UNITED STATES

Non-conformity of tariff
classification to BNN.

EEC: Problems in the field of tariff nomenclature tend to affect the interests of the Communities in the same manner as problems relating to valuation for customs purposes.

Like many countries, the Member States of the European Communities have signed the Brussels Convention on Nomenclature.

Certain other countries, including Canada and the United States . . . have maintained their existing customs tariffs or have contented themselves with revising them slightly by incorporating a few elements of the Brussels Nomenclature. Although such revision to the extent that it has been made, can constitute progress in comparison with the situation previously existing, the fact remains that in the light of experience acquired meanwhile, straightforward adoption of the Brussels Nomenclature could have contributed substantially to facilitating not only the tariff negotiations but also trade between these countries and their trading partners, in particular the European Communities.

The Communities therefore consider it desirable that these countries should take steps towards accepting the Brussels Nomenclature.

CUSTOMS AND ADMINISTRATIVE PROCEDURE

| Country maintaining restriction and description | Products affected | Country notifying and comment |
|--|--|---|
| D. Harmonization of nomenclature and explanatory notes (cont'd) | | |
| UNITED STATES (cont'd) | Need for explanatory notes and concordance to BTN. | EEC: Until such time as this objective is attained the Communities would wish the customs tariffs in question to be supplemented by explanatory notes similar to those drawn up for the Brussels Nomenclature and to those now being drawn up for sub-headings in the common customs tariff of the Communities. |
| Cotton textiles | Excessive complexity in tariff classification. | PORTUGAL: A trade limiting factor especially where LTA quotas already obstruct trade. |

CUSTOMS AND ADMINISTRATIVE PROCEDURE

| Country maintaining restriction and description | Products affected | Country notifying and comment |
|--|--|-------------------------------|
| F. Consular formalities | | |
| GENERAL COMMENTS | | |
| CANADA: | Some countries, particularly in Latin America, require consular invoices and the payment of fees. | |
| HONG KONG: | Consular formalities required by certain countries, the trade inhibiting effects of which cannot be accurately assessed. | |
| NORDIC COUNTRIES: | Consular invoices are subject to a special GATT procedure, cf. the Recommendation of 31 October 1962, but these formalities are still constituting a barrier to trade. | |
| ARGENTINA | Commercial invoices in quadruplicate and certificate of origin must be legalized by an Argentine Consulate. | |
| The CONTRACTING PARTIES have already recognized that the <u>legalization</u> by an Argentine consulate of commercial invoices is not an obstacle to trade. There is no obligation to submit a certificate of origin. | | |
| BRAZIL | Commercial invoices must be certified by Chamber of Commerce and legalized by a Brazilian Consul. Bills of lading must also be legalized. | |
| UNITED KINGDOM: | | |
| The certification of the commercial invoice by a Chamber of Commerce has the objective of asserting the prices and origin of the goods. However, the Brazilian Consulates accept, as | | |

CUSTOMS AND ADMINISTRATIVE PROCEDURE

| Country maintaining restriction and description | Products affected | Country notifying and comment |
|---|---|-------------------------------|
| E. Consular formalities (cont'd) | | |
| BRAZIL (cont'd) | <p>satisfactory proof of origin, one of the following documents: authenticated invoice issued by the producers themselves; certificate issued by the Customs authorities of the country of origin of the goods; or any other authenticated document stating such origin.</p> <p>Bills of lading concerning air cargo do not need to be legalized.</p> | HONG KONG: -- |
| CHILE | <p>Commercial invoices have to be endorsed by the Consulate General.</p> <p>Article 92 of the 1968 Budget Act provided for the suspension for one year of Legislative Decree No. 6 of 6 September 1967, which reintroduced certain consular fees and formalities with effect from 1 January 1968. In other words, at the present time no consular fees or formalities are applied. Furthermore, the Government intends to include in the 1969 Budget Bill, now being examined by the National Congress, an article revoking the provisions of Legislative Decree No. 6 referred to above.</p> | HONG KONG: -- |
| DOMINICAN REPUBLIC | <p>Consular invoices are required</p> <p>Consular invoices and payment of fees are required.</p> | HONG KONG: -- |
| HAITI | | CANADA -- |

CUSTOMS AND ADMINISTRATIVE PROCEDURE

Country maintaining restriction and description
Products affected Country notifying and comment

E. Consular formalities (cont'd)

NICARAGUA

Four copies of a commercial invoice in Spanish and quoted in dollars are required for all consignments by sea, irrespective of value. In addition three copies of a bill of lading are required. Four copies of a commercial invoice are also required for consignments by air and parcel post valued at or over \$10 f.o.b. No commercial invoices are required for consignments by air or parcel post below \$10 f.o.b. Bills of lading are not required.

PERU

Consular legalization: for surface shipments consular invoices and bills of lading require legalization. Legalization of commercial invoice is required only in case of air shipments of US\$100 or more.

Consular invoices are not normally required for parcel post shipments valued at under US\$50 or air freight consignments. A certified consular invoice dated not later than 48 hours prior to the despatch date is required for all other shipments

UNITED KINGDOM: ---
CANADA: ---

HONG KONG: Certification of bills of lading costs US\$ 5.36 per 200 tons or fraction thereof.

UNITED KINGDOM: ---
HONG KONG: Charges range from US\$2.15 to US\$10.73 per set depending on value of shipment
SWITZERLAND: ---

CANADA: ---
A fine of 25% of total duty is exacted in cases of non-compliance. Four or in some cases 5 copies of this invoice must be furnished, only one copy being returned to the shippers. The invoice must be completed in Spanish on forms provided by a Peruvian Consul.

| CUSTOMS AND ADMINISTRATIVE PROCEDURE | | | |
|--|---|--|--|
| Country maintaining restriction and description | Products affected | Country notifying and comment | |
| E. Consular formalities (cont'd) | | | |
| PERU (cont'd) | - | HONG-KONG | |
| Shipping companies or agents are required to present "Gross or Deadweight Tonnage" certificates to the Peruvian Consulate General for certification. | - | | |
| TURKEY | - | | |
| Requirement to register prices of imported goods after certification of invoices by consulates, subject to presentation of certificate of origin. | - | SWITZERLAND: -- | |
| UNITED ARAB REPUBLIC | - | HONG-KONG: In most of the cases it is not possible to establish whether the practices are world-wide or peculiar to Hong Kong. All are incompatible with Article VIII of the GATT. | |
| | Commercial invoices and certificates of origin must be endorsed by the consulate general in the country of exportation. | | |

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Products affected | Country notifying and comment |
|--|----------------------------------|---|
| F. Certificates of origin | | |
| GENERAL COMMENTS | | |
| | | NORDIC COUNTRIES: In a Recommendation of 23 October 1953, as amended on 17 November 1956, the CONTRACTING PARTIES recommend that certificates of origin be used solely in cases when they are deemed to be strictly indispensable. The Nordic countries find, however, that certificates of origin are still required to a wide extent, even where they do not seem to be strictly indispensable. The continued widespread use of certificates of origin and the demands made on exporters in that connexion are an obstacle to free trade. |
| AUSTRIA | Certificates of origin required. | BRAZIL: --- |
| CHILE | Certificates of origin required. | HONG KONG: --- |
| FRANCE | Certificate of origin required. | Quartz, semi- precious stones. |
| | | BRAZIL: --- |

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Products affected | Country notifying and comment |
|--|----------------------|--|
| F. Certificates of origin (cont'd) | | |
| FRANCE (cont'd) | - | HONG KONG: This is a discriminatory requirement and occasions considerable inconvenience and expense to Hong Kong exporters. |
| ITALY | - | UNITED KINGDOM: In particular, difficulties have been met as a result of the clause "and any other goods where, after examination, the Italian customs are unable to ascertain the origin". Uncertainty and delays caused by the Italian system have acted as a barrier to trade in many categories of goods. |
| | - | SWITZERLAND: The concept of "doubt", making certificate of origin necessary, is a matter of subjective interpretation. |
| SPAIN | - | UNITED KINGDOM: Regulations are unduly restrictive on the export trade of other countries. |
| UNITED STATES | - | JAPAN: Commerce between the United States and Mainland China, North Korea, or North Viet-Nam is prohibited, and in addition, import of any product deemed to be of an origin of the foregoing countries is prohibited whatever the country of origin, unless the product is accompanied by the certificates of origin issued by the government of the exporting country. |

CUSTOMS AND ADMINISTRATIVE PROCEDURES

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| Country maintaining restriction and description | Products affected | Country notifying and comment |
|--|----------------------|---|
| F. <u>Certificate of origin (cont'd)</u> UNITED STATES (cont'd) | | Since products deemed to be of such an origin are not always clearly defined, and since it is not possible to foresee when and what item may be designated as such product, such requirements have led to unstable trade. In addition, when any product is designated as a product deemed to be of an origin of the foregoing countries, it is necessary to obtain the consent of the United States on the actual forms of such certificates of origin. This is a barrier to trade. |

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Products affected | Country notifying and comment |
|--|----------------------|---|
| G. <u>Arbitrary classification</u> | | |
| GENERAL COMMENTS | | |
| PORUGAL | | <p>PORUGAL: Not infrequently, considerable disparities are to be found in the tariff rates of identical goods, or of replacement goods, such rates actually referring merely to the state of preparation of those goods and/or to the kind or method used in packaging them.</p> <p>A characteristic example of this is represented by the case of bottled wines, on which in some cases the rate of duty is much higher than the rate on the same wines shipped in barrels.</p> <p>Apart from the inconvenience which such disparities of treatment represent for the trade, they encourage forgery and adulteration of the wines.</p> |
| AUSTRALIA | | <p>Where some specified goods are declared by the competent Minister to be substitutes for or imitations of other specified goods, the rate of duty in respect of the latter is to be applicable in respect of the former. Under this system, the Minister is apparently free to declare the existence of a substitute relationship at any time.</p> |
| CANADA | | <p>"Made in Canada" régime.</p> <p>Various.</p> |
| JAPAN | | <p>JAPAN: Such a system harms the stability of transactions and may adversely affect trade.</p> |
| EEC | | <p>EEC: The Canadian customs tariff contains a number of tariff headings which distinguish, for a specified type of product, between those "made in Canada" and those that are not. Goods</p> |

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Products affected | Country notifying and comment |
|---|-------------------|--|
| G. Arbitrary classification (cont'd) | | |
| CANADA (cont'd) | | <p>In the first category are subject to higher duties than those in the latter category. Where the relevant tariff heading makes a distinction between the two categories mentioned above, the customs officers have to determine for each article to be imported whether or not it is to be considered as "made in Canada". In the absence of precise criteria there have been many disputes in past years between importers and the Canadian administration over this determination. The resulting uncertainty has proved to be a substantial obstacle to European exports, and the Communities request its elimination by whatever means are appropriate, all the more since, according to most recent information received by the Commission, it appears that Canada might replace the "made in Canada" concept by the still more vague "available in Canada".</p> |

UNITED STATES

Uncertainties of TSUS classification.

CANADA: The complexity of the TSUS has led to difficult classification problems (e.g. application of headnote 101J and chief use provision in relation to treatment of goods).

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Products affected | Country notifying and comment |
|--|----------------------|--|
| H. <u>Samples requirements</u> | | <p>AUSTRIA: With a view to facilitating classification of imported products by the customs authorities, some countries demand multiple numbers of samples of the goods to be imported which must be marked in an expensive way.</p> <p>For example, when carrying out imports of textiles into a certain country, for each of the fabrics mentioned in the invoice, samples showing the name of the supplier and the number of the sample must be submitted in a multiple number in addition to the usual customs formalities. Procedures of this type charge exporting firms with additional costs and affect adversely trade in textiles.</p> <p>NORDIC COUNTRIES: The International Convention to Facilitate the Importation of Commercial Samples and Advertising Material, signed at Geneva on 7 November 1952, should be taken up for reconsideration in GATT with a view to obtaining accession to it by all contracting parties to GATT. At the same time the Convention should be reviewed with the aim of relaxing its provisions.</p> |

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Products affected | Country notifying and comment |
|--|----------------------|---|
| I. <u>Repayment of duties on returned goods and re-exports</u> | | |
| GENERAL COMMENTS | | <p>INDIA: Existing administrative procedures for temporary importation do not enable jute goods, imported for re-export, to enjoy the unrestricted duty-free treatment to which such imports are eligible under normal international practice, for example: jute fabric imported for use as carpet backing and utilized for the manufacture of carpets which are exported.</p> <p>NORDIC COUNTRIES: Certain countries do not grant repayment or remission of duties on goods which do not meet the provisions of the contract of sale and which it is therefore desired to return to the seller. The regulations of other countries on such grants of repayment or remission of duties are of very narrow scope. GATT should encourage wider accession to the Recommendation on this question adopted by the Customs Co-operation Council at Brussels on 28 November 1957.</p> <p>ITALY There is a Customs Co-operation Council recommendation that import duties and taxes should be refunded in cases where imported goods have been found to be defective (or damaged or otherwise not in accordance with contract) and are consequently returned to the supplier or destroyed under official control.</p> <p>UNITED KINGDOM: This recommendation has been accepted by 23 countries (including the United Kingdom) but not by Italy.</p> |

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Products affected | Country notifying and comment |
|---|----------------------|--|
| J. Documentation etc. (including penalties for errors) | | |
| GENERAL COMMENTS | | <p>AUSTRIA: Some countries require the submission of so-called "customs invoices". These customs invoices can only be filled in by observing many and complicated rules of a procedural nature thus forcing exporting firms to provide for considerable expenses for office and clerical work. Consequently, the requirement of "customs invoices" is often a hindrance to international trade.</p> <p>CANADA: Moreover, some countries impose heavy penalties for documentation errors.</p> <p>NORDIC COUNTRIES: Several countries require production of so-called customs invoices. This is an impediment to international trade, especially when the requirement for customs invoices is coupled with rigid rules in relation to valuation for customs purposes. In such cases exporters must often be intimately familiar with the valuation rules of the importing country concerned to be able to fill in the customs invoice properly.</p> <p>PORTUGAL: Complexity of required documentation and forms. Despite all endeavours at simplification, in many cases the requirements of complex documentation and lengthy forms still inconvenience trade in a number of countries, not only owing to the delays they invariably cause, but also by reason of the charges (taxes, stamps, fees, etc.) levied on the import trade.</p> |

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Products affected | Country notifying and comment |
|--|--|---|
| J. Documentation etc. (including penalties for errors) | - | CANADA: -- |
| ARGENTINA | Heavy penalties are imposed for documentation errors. | The Argentine legislation does not punish the error or omission but false declarations; this has nothing to do with barriers to trade. |
| BRAZIL | Customs requirements are excessive (long and complicated - Switzerland) - 5 copies of commercial invoice and bill of lading - or in the case of air freight 4 copies being required. | Import certificate. Confirmation of prices is often demanded before an import certificate is granted. This means preparation of a <u>pro forma</u> invoice or provision of a standard price list. |
| | | Heavy penalties are imposed for documentation errors. Advance indication is required of shipping weights for products such as telephone equipment and automotive parts. |
| | | In the case of errors or omissions, the exporter should present a corrected invoice. Only when he does not comply with this requirement there is imposition of penalties. |
| SWITZERLAND: | -- | UNITED KINGDOM: Failure to legalize these documents can result in a long delay before prices are approved and a fee is charged for legalization of this document. |
| UNITED KINGDOM: | -- | CANADA: -- |

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Products affected | Country notifying and comment |
|--|----------------------|-------------------------------|
| J. Documentation etc. (including penalties for errors) (cont'd) | | |
| CHILE | | |
| Customs clearance procedure is slow and complicated, causing substantial additional expenses for the importer. | | |
| The customs clearance system has been under study with a view to rationalizing it and speeding up procedures. At the present time, the Brussels Tariff Nomenclature is being used for the classification of goods. | | |
| Heavy penalties are imposed for documentation errors. | | |
| DOMINICAN REPUBLIC | | |
| Heavy penalties are imposed for documentation errors. | | |
| SWITZERLAND | -- | |
| The Central Bank has authority to impose fines on persons or undertakings infringing the import regulations established by the Executive Committee of the Bank. The fines are for revenue purposes and may not be more than 100 per cent or less than 1 per cent of the total amount of the transaction, in terms of national currency. The customs authorities also impose fines on any erroneous declarations made at the time of customs valuation. | | |
| CANADA | -- | |
| CANADA | -- | |

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Products affected | Country notifying and comment |
|--|-----------------------|--|
| J. Documentation etc. (including penalties for errors) (cont'd) | | |
| GREECE | Import documentation. | Imported goods including pharmaceuticals. |
| | | UNITED KINGDOM: For a while after devaluation of sterling the Greek customs continued to value goods at the old exchange rate. They have now ceased to do this but continue to require certificates to the effect that the sterling prices shown on invoices are the true and correct prices. There have also been difficulties over documentation for imports of pharmaceuticals. The Greeks require a certificate to the effect that the product in question may be freely sold in the country of origin and they recently demanded that these certificates should be in a special form in Greek and should be certified by the Ministry of Health in the originating country. The Greeks also unreasonably restrict the import of pharmaceutical samples. |
| HAITI | | Heavy penalties are imposed for documentation errors. |
| ITALY | | Customs regulation: slow and complex procedures for customs clearance ... requirement of samples and analysis of certain food and medicinal products considerably delay the clearance. |
| CANADA: | -- | SWITZERLAND: -- |

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Products affected | Country notifying and comment |
|--|--|---|
| J. Documentation etc. (including penalties for errors) (cont'd) | | |
| PERU | | |
| | Two copies of commercial invoices must be attached - to the consular invoices for surface shipments, but in the case of food, pharmaceuticals and medicinal products 4 copies are required. Air shipments valued at over US\$100 f.o.b. require 4 copies of the commercial invoice or 5 in the exceptional cases listed above. | UNITED KINGDOM: --- |
| | Bills of lading or air waybills must be prepared - in sextuplicate and in Spanish if possible. | UNITED KINGDOM: --- |
| SOUTH AFRICA | | |
| | New regulations have been introduced requiring preparation of four invoices each containing detailed information and a sample 6"x3" for nearly all consignments. | UNITED KINGDOM: - JAPAN: Trade is affected by such a troublesome and costly requirement. CANADA: --- |
| SPAIN | | |
| | Heavy fines are imposed by the Spanish Customs authorities in respect of minor mistakes in documentation covering United Kingdom goods exported in sealed container wagons by rail to Spain. | UNITED KINGDOM: --- |
| UNITED ARAB REPUBLIC | | |
| | Customs formalities are particularly complicated. | UNITED KINGDOM: --- |

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Products affected | Country notifying and comment |
|--|----------------------|---|
| J. Documentation etc. (including penalties for errors) (cont'd) | | <p>UNITED STATES</p> <p>Customs invoice form 5515 and proposed revision.</p> <p>Most shipments over \$500.</p> <p>CANADA: In addition to the normal commercial information, the United States customs require extremely detailed information for classification, valuation, statistical and other purposes (e.g. Form 5515 and proposed amending regulations).</p> <p>EEC: The customs invoice form that the exporter must fill in to be able to sell his goods in the United States dates from 1958.</p> <p>Several proposals for revising it have been presented in recent years (in 1964 and 1967). The United States customs administration has so far maintained the old version of the form, because of the number and importance of objections to the proposed revisions.</p> <p>If the revised form were nevertheless introduced, it could prove to be a significant obstacle to exports towards the United States. Indeed, the replies to the numerous and complex questions in the new text:</p> <ul style="list-style-type: none"> (a) could be used for purposes other than the specific ones of such a document, in particular for more numerous complaints of dumping; (b) would endanger trade secrets, whether for the producer or for the exporter and importer; (c) would entail very heavy fines if the exporter made any errors. |

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Products affected | Country notifying and comment |
|---|------------------------|-------------------------------|
| J. Documentation etc. (including penalties for errors) (cont'd) | UNITED STATES (cont'd) | |

UNITED KINGDOM: The majority of shipments valued at over \$500 are invoices on the Special Customs Invoice (Form 5515). The invoice is a complex document and the United States requires far more information to be shown than do most other countries. Proposals to revise the form of invoice were announced towards the end of last year. In our view the revised form is likely to require even more detailed information to be given, as well as certification as to accuracy of content by both exporter and importer.

We consider United States invoicing requirements as contrary to the principle adopted by the GATT for simplification of documents.

UNITED KINGDOM: The provisions of the Act also apply to United States produced articles. Regulations (Rule 36) proposed by the Federal Trade Commission would however discriminate against imported goods by subjecting them to a clearance procedure which would entail a considerable increase in documentation and could cause up to three days' delay, and by requiring the importer to pay for laboratory testing which the Commission could order if it believed, rightly or wrongly, that the goods were mislabelled.

Wool Products Labelling Act of 1939:
Until the inspection by the Federal Trade Commission is completed, the delivery of such products is suspended.

Woollen fabrics.

CUSTOMS AND ADMINISTRATIVE PROCEDURES

| Country maintaining restriction and description | Products affected | Country notifying and comment |
|--|---|---|
| J. Documentation etc. (including <u>penalties for errors</u>) (cont'd) UNITED STATES (cont'd) | Administrative delays in customs services. | CANADA: Exporters to the United States have experienced considerable delays in having their liabilities for customs duties discharged (three to four years), in having duty refunds processed, and in clearing shipments (e.g. inadequate staffing of fish inspectors at the JFK Airport at certain hours, resulting in storage charges and delays in fish reaching the markets). |