

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## NATIONALITY OF IMPORTED GOODS

### Comments by Governments on the Proposed Definition of Origin

The contracting parties were asked in document L/179 of 4 December 1953 to submit their statements concerning draft definition of origin. The following information has been received from the Governments of Belgium, the Union of South Africa and Turkey.

	page
Belgium .....	1
Belgian Congo .....	2
Union of South Africa .....	2
Turkey .....	2

#### Belgium (Translation)

The uniform definition proposed covers in substantial measure the principles adopted by the Benelux countries, although it is expressed in more general terms.

As the interpretation of the proposed definition is to all intents and purposes left to the appreciation of the countries concerned, there will not be any need to change the criteria at present applied in Benelux.

Because of the fact that the proposed definition is fairly comprehensive, its application will most likely have but a limited influence on current practices in the various countries. The fact that even such a general definition is encountering opposition in some countries which feel that the determination of origin should remain a matter for the national authorities raises the question whether this new attempt to limit the possibilities of interpretation of adopted standards will be likely to have any appreciable results. It seems, however, that the recommendation of the principles embodied in the proposed definition would probably help to clarify the bases of the problem, and thus promote the unification of convergent definitions. It would seem desirable, moreover, to request the Contracting Parties to state whether the proposal should be extended so as to enable the importing country officially to accept certificates of origin issued by exporting countries applying the proposed system.

Belgian Congo (Translation)

As the proposed definition refers to manufactured goods, it would not seem to be absolutely necessary to define the origin of exports which have merely been extracted from the soil, harvested, gathered or taken from the sea.

Moreover, perhaps it would be useful in future documents to make a distinction between the origin and the nationality of products.

Then again, a profusion of offices and bodies authorized to issue certificates of origin is not without danger. Indeed there might be a risk that in order to facilitate commercial transactions the actual control of the origin of goods would be weakened.

It should be pointed out that the General Government of the Belgian Congo does not authorize any organization or body whatsoever to issue certificates of origin, and that the Belgian Colonial Office does so only in exceptional circumstances. In practice, the competent authority does no more than certify by his visa the accuracy of the certificate issued by the seller, his agent or banker, or by a chamber of commerce. This method allows the trader to save time. It would, therefore, be desirable to insert after the words "certificates of origin" in sub-paragraph (b) the words "or to attest their accuracy".

Lastly, so far as concerns sub-paragraph (d) it must be pointed out that the production of a certificate of origin may be required in certain cases not only for the imposition of duty, but also for the importation of the goods concerned. For that reason, it seems that any rule established in connection with this sub-paragraph should not be of an absolute nature.

Union of South Africa

The Union of South Africa finds itself in agreement with the views of the minority of the Working Party (Basic Instruments and Selected Documents, Second Supplement, page 56, paragraph 7 - second half) and will not, therefore, be able to accept the proposed definition of origin which does not accord with the provisions of Section 71 of the Union's Customs Act, No. 35 of 1944 - see Annex A to the relative statement by the Union of South Africa reproduced in document L/71/Add.2 of 7 October 1953.

Turkey (Translation)

In the opinion of the Turkish Government, the text proposed in paragraph (a) of GATT document L/179 gives a clear and precise definition of imported goods both as regards the principles laid down and from the point of view of the structure of the definition and the Turkish Government holds the view that this definition is capable of ensuring a certain uniformity in the practices followed as compared with the various systems now existing in different countries; its adoption in this respect would certainly be of considerable interest.

As can be seen from document L/171/Add.1 the Turkish legislation has incorporated in the above-mentioned definition.

The definition given in paragraphs (b) and (c) is not such that it can ensure the desired uniformity and it does not represent any practical value. In fact, the words "substantial transformation" and "new individuality being conferred on the goods" do not constitute sufficiently objective concepts and criteria. It is very probably for that reason and in order to remedy this inconvenience that the explanatory note provides for the establishment of lists of processes which may illustrate concrete examples of the above-mentioned concepts. Even on the assumption that it would be easy to establish a list of that kind, it would nevertheless be difficult in practice to evolve an exact notion of a "substantial transformation" and of a "new individuality" and to make their application as specific and concrete as possible. Furthermore, it is always difficult in practice to lay down definitions for various technical processes and to draw up a list of such processes. The Turkish Government, therefore, are of the opinion that the definition proposed in those two paragraphs can be of real practical value only if and when supported by the incorporation in the text of a clause providing for an increase in value of the order of, for instance, 50 per cent which can result either from a substantial transformation or the conferring of a new individuality.

