

GENERAL AGREEMENT ON

RESTRICTED

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TARIFFS AND TRADE

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Committee on Technical Barriers to Trade

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COMMUNICATION FROM THE PHILIPPINES

The following communication, addressed to the Permanent Representative of the delegation of the Republic of Korea, and signed by the Chargé d'Affaires, a.i., of the Philippine delegation, has been received by the secretariat with a request that it be circulated to members of the Committee.

I should be grateful if you will allow me to consult with you on the matter concerning restrictions imposed by the Korean Customs Administration (KCA) on Philippine exports of floppy disk drives (FDDs).

The Ministry of Trade and Industry of Korea, as I understand, issued a directive under its 1991 Foreign Trade Management Regulation which requires a certificate of origin for 323 items at the 4-digit HS level beginning on 1 July 1991. Among the items covered by this directive are FDDs with HS number 84.71. This directive was notified to the Committee on Technical Barriers to Trade last 3 July 1991 (TBT/Notif.91.194 refers).

My Government believes that this requirement is not in conformity with the Code, and as such constitutes an unnecessary obstacle to international trade. Allow me to elaborate.

1. When the directive, which requires a 35 per cent value added on all imported FDDs as a prerequisite for Customs clearance, was notified to the Committee, the rationale cited was consumer protection.

Our position is that the Code does not cover provisions on value added requirements, nor on substantial transformation. Moreover, we believe that such prerequisites are not relevant to accomplishing the objective of consumer protection.

2. While FDDs falling under HS 84.71 are covered by the scope of the notification, we have been informed by our authorities in Manila that parts and accessories of FDDs falling under HS 84.73 (e.g. D-motors and heads) which were not included within such scope, are also being subjected to the value added requirement.

We view this situation as exceeding the scope of the notification, and therefore unjustifiable.

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3. The directive required Philippine exporters to submit a cost breakdown of the FDDs. After having complied with this documentation requirement, my Government was belatedly informed by the KCA that cost breakdowns of up to less than 5 per cent of FDDs, and cost breakdowns of D-motors, heads and other parts and components must also be submitted.

My Government considers these additional requirements as a further, unnecessary obstacle to international trade.

In our consultations, I hope you will also allow me to raise the possibility of the KCA releasing FDDs shipments under embargo, pending the resolution of the matter at hand.

Our authorities in Manila have already raised the above-mentioned issues with the Ambassador of the Republic of Korea there since October of last year in the expectation of resolving the matter expeditiously. Parallel efforts are also being undertaken by our officials in Seoul. In view of the fact that the matter has not been satisfactorily resolved in the bilateral context, and in view of the serious repercussions of the directive on the capacity of Philippine exporters to maintain employment and generate much needed export revenues, may I urge that we begin consultations on this matter as soon as practicable? Mr. Jose Antonio Buencamino, our Commercial Attaché, will be at your disposal to arrange consultations.

I should be remiss in my duty to you if I do not inform you that it is the intention of my Government to raise this matter at the next meeting of the Committee on Technical Barriers to Trade, without prejudice to whatever further steps we may take in accordance with our rights and obligations under the General Agreement.