

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

W.9/172

3 February 1955

Special Distribution

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CONTRACTING PARTIES

Ninth Session

Review Working Party II on Tariffs,  
Schedules and Customs Administration

## ARTICLES VII, VIII AND IX

Draft Statement of Recommendations to be submitted by  
Working Party II to the CONTRACTING PARTIES

Notes on the Report of the Technical Group  
on Customs Administration

In order to expedite the task of Review Working Party II in examining the report of the Technical Group on Customs Administration, as set out in W.9/155, the secretariat has prepared the following recapitulation of the Group's recommendations and of the points which have been referred back to the Working Party for further consideration.

### Article VII - Valuation for Customs Purposes

#### Paragraph 1

1. Delete the words "at the earliest practicable date".

This was recommended by the Technical Group on the assumption that the amendments to the Agreement will contain a general provision allowing time for governments to bring their legislation into conformity with the new rules.

2. Delete the Interpretative Note.
3. Insert the following Interpretative Note:

"The expression 'or other charges' is not to be regarded as including internal taxes or equivalent charges imposed on or in connection with imported products."

Note: It should be made clear that Article VII does not require internal taxes (or their equivalents) which are charged on imported goods to be assessed on the same basis as that established for the purpose of charging customs duties. Moreover, Article VII cannot be held to impose any commitment in relation to internal taxes over and above those contained in Articles I and III.

4. Amend the first sentence of paragraph 2(b) as follows:

"'Actual value' should be the price at which, at a time and place determined by the legislation of the country of importation, and in the ordinary course of trade, such or like merchandise is sold or offered for sale in the ordinary course of trade under fully competitive conditions."

Note: This change is proposed merely as an improvement of drafting. If adopted, the words "read in conjunction with" should be deleted from the second paragraph of the Interpretative Note.

5. Amend the third paragraph of the Interpretative Note as follows:

"The prescribed standard of 'fully competitive conditions' permits contracting parties to exclude from consideration distributors' prices which involve involving special discounts limited to exclusive agents."

Note: No change of substance is intended. The recommended text corresponds, in its French version, with the wording used in the Havana Charter Interpretative Note, and in its English version is a better translation of that text.

6. Amend the fourth paragraph of the Interpretative Note as follows:

"The wording of sub-paragraphs (a) and (b) permits a contracting party to assess duty contracting parties to determine the value for customs purposes uniformly ....."

Note: This proposal seeks merely to improve the drafting.

### Paragraph 3

7. Amend the paragraph as follows:

"The value for customs purposes of any imported product should not include the amount of customs duties or any internal tax, applicable within the country of origin or export, from which the imported product has been exempted or has been or will be relieved by means of refund."

A majority of the Technical Group were in favour of the proposal that customs duties remitted or refunded in the country of origin should be excluded from the value for duty purposes in the country of importation in the same way as internal taxes. But the Group decided to refer this problem to Working Party II for further consideration. See W.9/155, pages 10-11, Item 14.7

Paragraph 5

8. Amend this paragraph as follows:

"The /bases/ system and methods for determining the value of products subject to duties or other charges or restrictions based upon or regulated in any manner by value should /be stable/ not constitute an obstacle to the rapid clearance of imported merchandise, should protect honest importers from unfair competition in the field concerned, should as far as possible be based on trade documents and should be given sufficient publicity to enable traders to estimate, with a reasonable degree of certainty, the value for customs purposes."

/The Technical Group approved this proposal by only six votes to five./

Article VIII -- Formalities connected with  
Importation and Exportation

Paragraphs 1 and 2

9. Amend the first sentence of paragraph 1 as follows:

"The contracting parties recognize that all fees and charges /other than duties/ of whatever character (other than import and export duties and other than taxes within the purview of Article III) imposed by ...".

/Another proposal for redrafting paragraphs 1 and 2 was referred by the Technical Group to Working Party II for consideration:

"1(a) /The contracting parties recognize that All fees and charges /other than duties/ (of whatever character other than import and export duties and other than taxes within the purview of Article III) imposed by /governmental authorities/ contracting parties on or in connection with importation or exportation /should/ shall be limited in amount to the approximate cost of services rendered and /should/ shall not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes. The contracting parties /also/ recognize the need for reducing the number and diversity of such services and charges.

"(b) The contracting parties also recognize the need for minimizing the incidence and complexity of import and export formalities and for decreasing and simplifying import and export documentation requirements.

"2. The contracting parties shall take action in accordance with the principles and objectives of paragraph 1 of this Article at the earliest practicable date. Moreover, they Any contracting party shall, upon request by the CONTRACTING PARTIES or by another contracting party, review the operation of any of their/ its laws and regulations in the light of these principles/ the provisions of this Agreement."

Paragraph 4

10. It was suggested among the secretariat proposals (L/189) that it would be more logical to place paragraph 4 before paragraph 3 since it relates only to paragraphs 1 and 2. The first line should then read: "The provisions of paragraphs 1 and 2 shall extend ...".

Interpretative Note

11. The Interpretative Note to Article VIII will have to be reconsidered in the light of the amendments made in the Article.

12. Insert the following new Interpretative Note:

"It would be consistent with paragraph 1 of Article VIII that on the importation of products from the territory of any contracting party into the territory of any other contracting party the production of certificates of origin should only be required to the extent that is strictly indispensable."

The Technical Group approved this amendment by only 5 votes to four.

Article IX - Marks of Origin

13. Insert the following new paragraph between paragraphs 1 and 2:

"The contracting parties recognize that, in adopting and implementing laws and regulations relating to marks of origin, the difficulties and inconveniences which such measures may cause to the commerce and industry of exporting countries should be reduced to a minimum, due regard being had to the necessity of protecting consumers against fraudulent or misleading indications."