

Committee on Customs Valuation

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**COMMUNICATION FROM CÔTE D'IVOIRE CONCERNING ANNEX III,
PARAGRAPH 1, OF THE AGREEMENT ON IMPLEMENTATION OF
ARTICLE VII OF THE GENERAL AGREEMENT ON
TARIFFS AND TRADE**

The following communication, dated 3 November 1999, was received from the Permanent Mission of Côte d'Ivoire.

Côte d'Ivoire requests the inclusion in the agenda of the next meeting of the Committee on Customs Valuation, scheduled for 12 November 1999, of an item concerning the extension granted to Côte d'Ivoire with respect to the Customs Valuation Agreement.

This transitional period will end on 31 December 1999, and Côte d'Ivoire is not yet ready to implement the Agreement.

The Permanent Mission forwards herewith to the World Trade Organization a document setting out Côte d'Ivoire's objective reasons for not being able to implement the Agreement as from 1 January 2000.

Côte d'Ivoire's Arguments Following on its Request for an Extension of the Transitional
Period Accorded it under the WTO Agreement on Customs Valuation

Receipts from customs duties levied on imports are one of the mainstays of budget stability in Côte d'Ivoire. Any measure affecting this domain is particularly sensitive and of necessity requires special care to safeguard the budget targets set by the State.

Despite the efforts made by the administrations concerned, customs fraud still persists and calls for greater vigilance at the customs cordons, not only to avoid losses of income, but also to safeguard economic and industrial development efforts.

The effective implementation of the customs valuation system pursuant to Article VII of GATT will no doubt have a negative impact on receipts from customs duties, because:

- The valuation method is more liberal. Indeed, the protection currently offered by the Valuation Code against under-invoicing and fraudulent practices will be affected;
- the leeway of the customs authorities to challenge transaction value is limited and must be supported by new tools if it is to be effective.

Consequently, the implementation of Article VII of the GATT calls for the proper environment for limiting the risk of negative repercussions on the stability of the national budget on the one hand, and on private sector development efforts on the other. Specifically, this requires:

- Adequate preparation of the players concerned: training in and modifications to customs management/organization, as well as additional tools to limit the negative impacts in terms of income lost. Targeted information for the various players in the import process;
- good timing, to make allowance for Côte d'Ivoire's other commitments, with a view to safeguarding budget targets.

Despite the support given by the WTO, capacities and resources have not been sufficient to ensure full preparation for implementing the Agreement (Ref: Communication from Kenya/African Group dated 29 July 1999).

The preparation of the administrations concerned and legislative and regulatory changes are not yet complete. In the meantime, Côte d'Ivoire has taken steps to prepare itself by means of a programme covering the following main areas:

- Training of the agents concerned;
- information for users and all private sector entities concerned;
- a study of the customs-related implications;
- putting new and appropriate tools in place;
- the organizational implications;
- preparation of appeals procedures;
- reviewing administrative regulations/directives in order to meet the new challenges.

Côte d'Ivoire is involved in a process for the creation of a regional common market (WAEMU). The steps taken within the Union cover, *inter alia*, fiscal aspects, and are aimed mainly at:

- Harmonizing external customs duties (common external tariffs: CET);

- liberalization of intra-community trade (elimination of duties and taxes on local products and approved products).

These measures have direct implications for customs receipts and consequently for national budgets. Given the timetable and the progressive introduction of the different measures, their precise effects are difficult to foresee.

Trade liberalization within the WAEMU will no doubt affect fiscal receipts. Hence, the simultaneous introduction of the new customs valuation system is heightening the uncertainty as to the implications for budgetary equilibrium.

In the light of the foregoing, Côte d'Ivoire requests an additional extension of five years under paragraph 1 of Annex III of the Agreement on Implementation of Article VII of the GATT. Côte d'Ivoire undertakes to implement a precise programme of preparation, which it will be submitting to the WTO.
