

**COMMUNICATION FROM THE DOMINICAN REPUBLIC CONCERNING  
PARAGRAPH 1 OF ANNEX III OF THE AGREEMENT ON  
IMPLEMENTATION OF ARTICLE VII OF THE GENERAL  
AGREEMENT ON TARIFFS AND TRADE 1994**

The following communication, dated 14 December 1999, has been received from the Permanent Mission of the Dominican Republic.

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In order to ensure the application of the Agreement on Implementation of Article VII ("the Agreement") of the General Agreement on Tariffs and Trade 1994 ("GATT 1994") the Government of the Dominican Republic, resorting to the special provisions relating to the special and more favourable treatment for the developing countries, wishes to avail itself of the possibilities offered by Annex III, paragraph 1, which permits developing country Members which have invoked the five-year delay provided for in Article 20.1 to request an extension of such period provided it does so within the period referred to in the text.

We would like to submit a request to this Committee for an extension of the delay in the application of the provisions of the Agreement on Customs Valuation, starting on 9 March 2000 for the specific purpose of properly conducting all of the reforms essential to the strict implementation of Article VII, which would enter into force on 9 March 2002.

This request takes account of Article VII of the GATT 1994, under which the Dominican Republic is granted a transitional period of five years which began on 9 March 1995 (G/VAL/2/Rev.1).

The background for this request is as follows:

- (a) The Dominican Republic deposited its instrument of ratification of the Marrakesh Agreement on 9 March 1995, having invoked the special provisions for the developing country Members contained in Article 20.1 (delayed application of the provisions of the Agreement), Article 20.2 (delayed application of the computed value method), paragraphs 2, 3 and 4 of Annex III, which refer to the sequential order of application of Articles 5 and 6, the application of Articles 5 and 6, and the application of Article 5.2 whether or not the importer so requests;
- (b) the five-year transition period invoked upon signing and accepting the Agreement comes to an end on 9 March 2000, as indicated in document G/VAL/2/Rev.1-9;
- (c) the Government of the Dominican Republic has made enormous and serious efforts to reform the administrative and technical structure of its customs system, stressing the

professionalization of staff, trade facilitation and the automation of a large part of its customs procedures;

- (d) the United Nations Development Programme (UNDP) and the Organization of American States (OAS) cooperated in these reform efforts, and both institutions have recognized the progress achieved, in particular the OAS which continues to provide considerable technical cooperation assistance;
- (e) thus far, we have asked the WTO Committee on Customs Valuation for the technical assistance offered by that body to the countries interested in improving the operational conditions for giving effect to the specific provisions of Article VII of the GATT 1994.

The process of transforming the technical structure of the customs system is now quite advanced, and to ensure the proper administration of the Agreement to the benefit of international trade and the continuation of the full liberalization impetus under the terms of the General Agreement, the transition period needs to be extended.

The modernization of customs in the Dominican Republic can be seen in the new procedures implemented. Accelerated clearance of goods, computerized networks, declarations using magnetic media, express clearance, advance declaration, checking at destination and online clearance are all expeditious procedures forming part of the ordinary work of the Dominican customs. Added to all of this is the introduction of new trade instruments, such as the cargo consolidation warehouses (Decree 48/99), reexport warehouses (Decree 106/95) and the new working procedures with the cargo consolidators and courier enterprises (Decrees 96/98 and 107/98).

As regards the goods valuation system, the LETTERS OF GUARANTEE represent a movement towards the full adoption of the WTO Customs Valuation Agreement. It is a mechanism aimed at gradually eliminating the real difficulties connected with under-valuation and the possibility of arbitrariness. It allows traditional importers to benefit from automatic acceptance of the values presented in the original commercial invoices under conditions that are specifically set forth and in accordance with the principle of subsequent inspection.

However, the progress achieved in the technical customs reform process and the adjustments made with a view to bringing the existing structure into conformity with the Customs Valuation Agreement are in themselves no guarantee of the strict implementation of Article VII, and a further period of time will be essential to take such action as is still required.

This additional time would make it possible to attain the following objectives: introduce changes in the country's legal structure; complete the process of simplification of customs regulations; optimize the work of the customs valuation department; boost the efficiency of the work of the customs auditing service; complete the upgrading of the computer network; modify the organizational structure; continue the process of technical improvement of human resources; and establish inspection services to control compliance with origin requirements.

These considerations provide ample justification for our request, and we would like to thank the Members of the WTO in advance for their willingness to accept this extension and provide us with the time required to bring our customs into conformity with the valuation system established in Article VII of the GATT 1994 Agreement.

**DOMINICAN REPUBLIC**  
**GENERAL CUSTOMS DIRECTORATE (DGA)**

Work Programme  
Period 2000 - 2002

General objective: Completion of the process of implementation of the Customs Valuation Agreement  
(Implementation of Article VII of the GATT 1994)

Specific objectives	Activities	Period	Requirements	Goals	Indicators
1. Updating of the legal structure of the Dominican customs	(a) Approval of the Draft Tariff Reform and development of legislation to ensure its efficient implementation. (b) Approval of the Draft Customs Law in order to bring the institution into conformity with modern trade requirements and with the commitments assumed. (c) Updating of the regulations necessary for the implementation of the new legal system.	18 months	Consultations with the economic sectors in order to achieve the broadest possible agreement on the implementation of the New Tariff Code and the Dominican Customs Law.	New Tariff Code and Customs Law	24 months: full entry into force of the Customs Code and the Dominican Customs Law with the corresponding regulations for their implementation in all customs areas.
2. Simplification of customs procedures	(a) Completion of the General Manual of Procedures for all operational and technical areas. (b) Completion of the process of amending all of the documents used for internal control. (c) Development of risk assessment programmes to enhance selectivity in the inspection of goods. (d) Re-equipment and modernization of the laboratory in keeping with the current requirements of customs operations.	18 months	- Technical assistance of international bodies for reviewing the outcome of the process of re-engineering procedures and amending documents. - Intensification of work towards achieving conformity of all customs officials directly involved in the application of the entire internal reform process. - Modernization of laboratory installations.	Automation of all customs procedures.  Monitoring of the reformed customs structure.  Installation of new laboratory equipment.	18 months: reduction to a minimum of the time required for clearing goods through customs and of the costs of that process.
3. Strengthening of the customs valuation service	(a) Completion of the adaptation of the valuation system to bring it into full conformity with Article VII of the GATT 1994. (b) Development of valuation regulations so as to fully	15 months	- Hiring of specialists in the implementation of WTO valuation systems using electronic tools (eight months). - Organization of specialized	Full application of the GATT 1994 Customs Valuation Agreement.	15 months: application of the GATT valuation concept and maintenance of effective control of the transaction value of 50% of declarations using

Specific objectives	Activities	Period	Requirements	Goals	Indicators
	incorporate these provisions into the internal operating system. (c) Strengthening of the central valuation unit in the DGA. (d) Strengthening of the local units responsible for operating in accordance with the new WTO valuation system. (e) Creation of the Technical Consultation and Support Library for staff working in the customs valuation area.		training for six officials over a period of four weeks in countries with experience in implementing the new valuation system. - Completion of the database organized in the valuation department of the DGA.		mechanisms that permit the selection and control of sensitive goods.
4. Improve the auditing of customs administration	(a) Improvement of the auditing department in the areas of internal and external control. (b) Selection of a representative sample of major importers to confirm the efficiency and flexibility of controls. (c) Development risk assessment programmes in order to make the subsequent control section more effective. (d) Definition, development and implementation of a database in accordance with inspection needs. (e) Placing auditing functions under the Technical Sub-Directorate of the DGA.	18 months	- Hiring of an international consultant specialized in the organization of auditing functions (six months). - Advanced training programme for auditors (six months) - Purchase of new computer equipment with high storage capacity.	All customs service users.	12 months: scope of inspection in one year, up to 50% of service users. 18 months: scope of inspection in the second year up to 90% of service users.
5. Upgrading of the computer system.	(a) Expansion of programmes for the conditional relief and special customs import regimes. (b) Preparation of manuals containing the operational design of the network. (c) Expansion of the computer system to all points of the network. (d) Further application of the continued training programme to improve the management of the computer system by authorized officials.	15 months	- Training of highly qualified professionals in data processing. - Formation of technical customs teams to optimize computerized tariffs. - Further implementation of the special continued training programme in the area of network control and operation.	Complete utilization of computer resources for the control of the new valuation system.	In 15 months: all customs declarations should be processed by computer.

Specific objectives	Activities	Period	Requirements	Goals	Indicators
6. Stepping up the process of upgrading the organizational structure	(a) Completion of the development of the organizational structure with cargo description and definition of administrative and technical functions.	18 months	- Specialized consultation with domestic companies.	Introduction of the new structure.	In 12 months: establishment of a new structure in keeping with the requirements of a modern customs administration.
7. Optimization of existing human resources and establishment of a continued training programme	(a) Definition of the administrative career structure with rules governing recruitment, entry selection and promotion. (b) Establishment of salary levels and incentives corresponding to the responsibilities held. (c) Determination of areas requiring training and implementation of the corresponding programmes.	12 months	- Consultation in human resources management (six months) - Support in respect of infrastructure and equipment for training.	Establishment of the administrative career structure	Incorporation of professionals: first year, 25% of staff. Second year, 50% of staff.
8. Creation of the Inspection Department for the Application of Rules of Origin	(a) Establishment of a specific unit for the inspection of the origin of goods. (b) Preparation of a manual on the application of specific rules of origin. (c) Tightening of links with other customs administrations to establish risk perimeters. (d) Establishment of the database concerning the provenance and origin of goods.	12 months	- Technical advice from international organizations (six months). - Further implementation of the continued training programme on rules of origin (six months). - Programme of training courses in model customs administrations with respect to the application of rules of origin.	Development of a team capable of performing tasks relating to rules of origin.	Levels of efficiency in determining the origin of goods.