

UNITED NATIONS

ECONOMIC
AND
SOCIAL COUNCIL



C.2.

GENERAL

E/CN.12/568

15 March 1961

ENGLISH

ORIGINAL: SPANISH

ECONOMIC COMMISSION FOR LATIN AMERICA
Ninth Session
Caracas, May 1961

THIS DOCUMENT IS
BEING FORWARDED
TO THE TRADE COMMITTEE
OF THE
ECLA

REPORT OF THE FIRST SESSION OF THE WORKING GROUP ON CUSTOMS
QUESTIONS TO THE ECLA TRADE COMMITTEE

with a Note by the Secretariat

NOTE BY THE SECRETARIAT

In pursuance of resolution 7 (II) of the Trade Committee adopted at its second session (Panama, May 1959), the first session of the Working Group on Customs Questions was held at Montevideo, Uruguay, from 1 to 12 August 1960. Although the Working Group's report (E/CN.12/C.1/WG.3/4/Rev.1) was distributed to member Governments immediately after the session, the secretariat considers it advisable to attach the said report to the present note so that both the Trade Committee and the Commission may consider it during their respective sessions.

REPORT OF THE FIRST SESSION OF THE WORKING
GROUP ON CUSTOMS QUESTIONS TO THE
ECLA TRADE COMMITTEE

E/CN.12/C.1/WG.3/4/Rev.1

24 August 1960

CONTENTS

	<u>Paragraph</u>	<u>Page</u>
Introduction	1 - 6	1
I. <u>Working Group on Customs Questions</u>	7 - 62	2
A. Delegations present and Organization of Work	7 - 13	2
1. Opening and closing meetings	7 - 9	2
2. Attendance	10	3
3. Secretariat	11	4
4. Organization of work	12 - 13	5
(a) Election of officers	12	5
(b) Committees	13	5
B. Agenda	14	5
C. Account of proceedings	15 - 62	7
1. Standard customs nomenclature	15 - 27	7
2. Definition and verification of customs value ..	28 - 41	13
3. Definition of basic customs terms	42 - 44	19
4. Customs procedures	45 - 49	21
5. Origin of goods: preliminary consideration from the customs standpoint	50	22
6. Training of customs officials	51	23
7. Meaning of the term "duties and charges" for the purposes of article 3 of the Montevideo Treaty, and its expression or equivalence in terms of ad valorem customs duties	52 - 59	23
(a) Bases for the identification of "import duties and charges"	53 - 56	24
(b) Expression of import duties and charges in terms of ad valorem customs duties	57 - 58	25
(c) Duties, charges and other restrictions existing in the various countries	59	25
8. Concept of "duties and charges in force"	60	26
9. Other business	61 - 62	26
II. <u>Resolutions adopted</u>	63	27
1 (I). Standard customs nomenclature		27
2 (I). Definition and verification of customs value .		29
3 (I). Definitions of basic customs terms		30
4 (I). Customs procedures		33
5 (I). Administrative control of the origin of goods		34
6 (I). Training of customs officials		35
Annex I: Definitions and procedures for determining customs value in various Latin American countries ...		36
Annex II: Import regimes in force in Latin American countries that are signatories to the Montevideo Treaty		36

INTRODUCTION

1. This document presents an account of the proceedings at the first session of the Working Group on Customs Questions, held at Montevideo (Uruguay) from 1 to 12 August 1960.
2. The Working Group was established by virtue of resolution 7 (II) of the Trade Committee of the United Nations Economic Commission for Latin America, adopted at Panama on 19 May 1959. In that resolution, the Trade Committee, considering "that, in order to attain the objectives for the establishment of the Latin American common market, it is necessary to standardize the tariff nomenclature of the Latin American countries", decided to recommend to the ECLA secretariat, "that it should prepare, for consideration by the Trade Committee, suitable bases and procedures for the adoption of a standard tariff nomenclature in the Latin American countries". When calling the session of the Working Group, the ECLA secretariat also took into account the request put before it in resolution No. 2 of the Provisional Committee of the Latin American Free-Trade Association that the session should be held at Montevideo. The purpose of the request was to facilitate the attendance of the representatives constituting the Provisional Committee and of their advisers and thereby to ensure that the maximum benefit would be derived from the Group's work. The Committee therefore requested that, as regards the agenda of the session, priority should be given to certain items of particular interest to the Provisional Committee.
3. The secretariat, in complying with this request, gave weight to the close link between the customs questions which would be considered by the Working Group and matters connected with the operation of the Latin American Free-Trade Association. Accordingly, the agenda covered matters that interest all the Latin American countries to an equal degree and also other closely related items bearing on the Montevideo Treaty under which the Latin American Free-Trade Association was established.
4. With a view to the preparation of background documents for the first session of the Working Group on Customs Questions, the secretariat duly distributed a questionnaire on basic customs questions to all Latin American countries. As the secretariat did not, however, receive all the

/replies from

replies from Governments to the afore-mentioned questionnaire sufficiently in advance, the documentation for many of the items on the agenda had to be prepared mainly from information which the secretariat itself had at its disposal. Furthermore, special attention should be drawn to the valuable co-operation given in this matter by the Brussels Customs Co-operation Council, which seconded one of its technicians to collaborate as an adviser in the preparation of the afore-mentioned basic documents.

5. This report is divided into two parts. The first part indicates the membership of delegations and describes the organization of work. It gives a summary account of the proceedings during the session and provides an objective interpretation of the conclusions reached. The second part contains the resolutions approved by the Working Group.

6. This report was adopted by the Working Group at its closing meeting.

I

WORKING GROUP ON CUSTOMS QUESTIONS

A. DELEGATIONS PRESENT AND ORGANIZATION OF WORK

1. Opening and closing meetings

7. The opening meeting of the Working Group on Customs Questions took place in the assembly hall of the Automóvil Club del Uruguay on 1 August 1960. The following persons attended: the Minister for Foreign Affairs of the Eastern Republic of Uruguay, Commander Homero Martínez Montero; the Under-Secretary for Foreign Affairs of Uruguay, Mr. Mateo J. Magariños de Mello; other members of the Uruguayan Government, the heads and members of diplomatic missions of the Latin American countries and representatives of various Uruguayan public and private bodies. Mr. Esteban Ivovich, Director of the Trade Policy Division of the Economic Commission for Latin America representing Mr. Raúl Prebisch, Executive Secretary of the Commission, took the chair.

8. The Minister for Foreign Affairs of Uruguay welcomed the delegations present on behalf of his Government. The Under-Secretary for Foreign Affairs and Chairman of the Provisional Committee of the Latin American Free-Trade Association then spoke on behalf of the Provisional Committee and of

/delegations present.

delegations present. The representative of the ECLA secretariat thanked those present for their attendance and the Uruguayan Government for its hospitality and for making it possible to hold the first session of the Working Group on Customs Questions at Montevideo. He also thanked the authorities of the Automóvil Club del Uruguay for having made their facilities available for holding the session.^{1/}

9. The closing meeting was also held in the assembly hall of the Automóvil Club del Uruguay on 12 August 1960. The following persons made statements: Mr. René Ortuño, permanent representative of the Argentine Republic on the Provisional Committee of the Latin American Free-Trade Association, on behalf of the delegations and the Provisional Committee; Mr. Romeo Maeso Sueiro, Chairman of the first session of the Working Group on Customs Questions; and Mr. Esteban Ilovich as representative of the Executive Secretary of ECLA.

2. Attendance

10. The meetings of the Working Group were attended by representatives, delegates and observers from the following Latin American States members of the Economic Commission for Latin America, and from inter-governmental and non-governmental organizations:

(i) Representatives and members of delegations from Latin American States members of the Economic Commission for Latin America

<u>ARGENTINA:</u>	Representative:	Arnaldo Domingo Martino
	Members:	Carlos Bochart, Ricardo La Rosa, Juan Antonio Vito Burlando, Héctor R. Mastracchio, Fernando Pedro Bocci, Juan Carlos Díaz, Manuel Miguel Quintana, Juan José Flores, Víctorio Jesús Silva
<u>BRAZIL:</u>	Representative:	Gerson Augusto da Silva
	Members:	Armando Branco Mendes Cadaxa, Armando Correa da Costa, Oto Ferreira Neves, Lucia Merinho Pirajá, Vinicius Ferraz Machado, Luis Emygdio Camara

^{1/} All the speeches made during the opening meeting were distributed as information documents.

/CHILE

CHILE: Representative: Abelardo Silva Davidson (Ambassador)
Members: Gustavo Valdivieso, Victor Leiva Araya, Juan Broughton

COLOMBIA: Representative: Alberto Navas de Brigard

CUBA: Representative: Mario García Incháustegui (Ambassador)
Member: Leonardo Bravo (Consul General)

MEXICO: Representative: Mario Espinosa de los Reyes
Members: Guillermo López Vargas, Antonio Calderón Martínez, Rodrigo Vidal Ortiz

PARAGUAY: Representative: Hermes Troche
Members: Pablo E. Bergemann, Jesús G. Cañete, Juan Isasio Cabral

PERU: Representative: Vice-Admiral Pedro Mazuré A.
Members: Alejandro Bussalleu, Joaquín Monar Nuñez

URUGUAY: Representative: Romeo Maeso Sueiro
Members: Enrique Bianchi, Ricardo Cat Vaeza, Hugo de Marco, Guillermo Doulas, Héctor Garicoits, Roberto González Casal, Alfredo Noé, Fernando Papa Preve, Alfredo Ponce de León, Lauro Rodríguez, Alberto Rovira, Miguel Angel Vázquez Rolfi, Hugo Roselló

(ii) Observers from inter-governmental organizations

Inter-American Economic and Social Council Juan B. Schroder
of the Organization of the American States Rodolfo León

(iii) Observers from non-governmental organizations^{2/}

Inter-American Council of Commerce and Pedro Celia, Luis E. González
Production Cufiarro, Mario Pena, Jorge Seré

3. Secretariat

11. The secretariat was as follows:

Esteban Iovovich, Representative of the Executive Secretary and Director of the Trade Policy Division of ECLA

Santiago Macario, economist, member of the Trade Policy Division of ECLA, Secretary of the Working Group

Alberto Sola, Alfredo Escobar, Alejandro Power, Mario Movarec, staff members of ECLA, advisers

Ruben Chelle, Deputy Administrative Secretary of the Provisional Committee of the Latin American Free-Trade Association

^{2/} The representatives of the Inter-American Council of Commerce and Production were invited by the secretariat to attend the meetings of the Working Group

/Emilio Gómez

Emilio Gómez Pallete, official of the Customs co-operation Council acted as adviser to the secretariat.

4. Organization of work

(a) Election of officers

12. At the opening meeting the following officers were elected:

Chairman: Romeo Maeso Sueiro (Uruguay)
Vice-Chairmen: Hermes Troche (Paraguay)
Alejandro Bussalleu (Peru)
Rapporteur: Mario Espinosa de los Reyes (Mexico)

(b) Committees

13. With a view to facilitating consideration of the items on the agenda, it was decided at the opening meeting to establish three committees with the following officers:

Committee 1: Standard tariff nomenclature and customs value

Chairman: Juan Carlos Díaz (Argentina)
Secretary: Santiago Macario (secretariat)

Committee 2: Adoption of standard definitions of basic customs terms, customs procedures and definition of origin of goods for customs purposes

Chairman: Armino Correa da Costa (Brazil)
Secretary: Alfredo Escobar (secretariat)

Committee 3: Consideration of certain customs matters connected with the Montevideo Treaty

Chairman: Abelardo Silva Davidson (Chile)
Secretary: Alberto Sola (secretariat)

B. AGENDA

14. At the opening meeting, the Working Group adopted the following agenda:

- I. Election of officers
- II. Adoption of the agenda
- III. General statements
- IV. The standardization and co-ordination of certain aspects of the customs systems of Latin American countries
 1. Standard tariff nomenclature:
 - (a) Bases and procedures for its adoption

/ (b) Its

- (b) Its use as a common reference among the countries participating in the Latin American Free-Trade Association (Montevideo Treaty) with the object, inter alia, of facilitating tariff negotiations
- 2. Customs value
 - (a) Standard definition for the purpose of levying ad valorem duties on imports
 - (b) Practical application of the standard definition
- 3. Adoption of standard definitions of basic customs terms
 - (a) Importation
 - (b) Exportation
 - (c) In-transit trade
 - (d) Re-exportation
 - (e) Temporary importation
 - (f) Temporary exportation
 - (g) Foreign goods
 - (h) Nationalized goods
 - (i) Border trade
 - (j) Miscellaneous
- 4. Customs procedures: ways and means of standardizing or co-ordinating and simplifying customs procedures and documentation
- 5. Definition of origin of goods for customs purposes:
 - (a) Preliminary consideration from the customs standpoint
 - (b) Standard and procedures for verifying the origin of goods

Background documents: La uniformación o coordinación de ciertos aspectos de los sistemas aduaneros en los países latinoamericanos
(E/CN.12/C.1/WG.3/2 and Add 1 to 3)

V. Consideration of certain customs matters related to the Montevideo Treaty:

- (a) Meaning of the term "duties and charges" for the purposes of article 3 of the Treaty and its expression or equivalence in terms of ad valorem customs duties

/((b) Definition

- (b) Definition of the term "duties and charges" for the purposes of article 5 of the Treaty

Background documents: Antecedentes para la definición de "gravámenes de efectos equivalentes a derechos aduaneros" y de "gravámenes vigentes" a los fines de la aplicación del Tratado de Montevideo
(E/CN.12/C.1/WG.3/3/Rev.1 and Add.1/Rev.1)

VI. Other business

C. ACCOUNT OF PROCEEDINGS

1. Standard customs nomenclature

15. When the Group reached this item on its agenda, for which the basic document was E/CN.12/C.1/WG.3/2, prepared by the ECLA secretariat, it decided to consider the questions involved in the following order:

- (1) Bases and characteristics of existing customs nomenclatures in various Latin American countries
- (2) What nomenclature might be adopted as a common basis for the customs tariffs of Latin American countries
- (3) Form in which the said nomenclature should be adopted and degree of detail in the breakdown of its hearings
- (4) Rules and procedures to be followed for keeping the nomenclature up to date and ensuring its uniform application
- (5) Use of the standard nomenclature for customs purposes:
 - (a) As a common point of reference in negotiations
 - (b) Gradual adoption by all Latin American countries as their national nomenclature
- (6) Use of the standard nomenclature for statistical purposes:
 - (a) Rules and procedures
 - (b) Establishment of a regional centre for the processing of statistics

16. In accordance with this outline, the discussion opened with accounts of the bases and characteristics of each of the existing customs nomenclatures of the Latin American countries represented at the meeting. Those of

/Argentina, Chile

Argentina, Chile and Paraguay did not correspond to the international type of classification, although those of Chile and Paraguay follow a logical and consistent order. Both Argentina and Chile are in the process of adopting the Brussels Tariff Nomenclature (BTN). The customs nomenclature in force in Uruguay corresponds to the Draft Customs Nomenclature of the League of Nations (as do those of Colombia and Ecuador), and the Peruvian nomenclature is based on the Minimum List drawn up for statistical purposes on the basis of the Draft Customs Nomenclature. The Mexican nomenclature, its general lines and in the content of its sections although not in its headings, follows the Standard International Trade Classification (SITC), drawn up by the United Nations for statistical purposes. Lastly, the nomenclatures used by Brazil and Cuba, correspond to the BTN, although with some changes in the headings, particularly in the case of Brazil.

17. Speaking of the nomenclature in force since 1956 in Mexico, the Mexican representative said that the SITC had been adopted as the basis, although with a number of changes in the items and sub-items, because at the time it was drafted more detailed knowledge was available on the SITC particularly through its use for the Standard Central American Tariff Nomenclature (NAUCA), whereas the BTN was still in the course of preparation. Thus far experience with the nomenclature adopted had been satisfactory; it had served well the purposes of the industrialization policy pursued by Mexico during recent years and, generally speaking had met the requirements of tariff protection and economic and statistical analysis. He added that in his opinion the explanatory notes on the items and sub-items had serious drawbacks, because the rigidity they imparted to the contents of the items in question was liable to lead to tax evasion.

18. The Brazilian delegate said that his country's experience with the BTN had also been satisfactory; it had proved perfectly suited to the protectionist policy called for by the dynamic process of Brazil's industrialization, and there had been no difficulties or problems in its application.

/19. The

19. The representatives of Argentina and Chile said that in their respective countries it had been decided, after study of the various alternatives, to adopt the BTN for the new customs tariffs that were being drawn up, since it was considered that that nomenclature fully met the requirements, particularly those relating to the industrialization process. Although experience was lacking as regards the practical application of the nomenclature, thus far no difficulties had arisen in drawing up the two national nomenclatures on the basis of the BTN. One of the main reasons for adopting the BTN had in fact been the existence of rules and interpretative notes for its sections and chapters and explanatory notes on its headings, all of which contributed to the exactitude necessary for its application.

20. By way of clarifying the doubts and queries raised by some representatives with respect to the adoption of the BTN, it was explained that the intention was not to impose a rigid nomenclature on the various countries but rather to give an indication of general lines and basic headings that they should respect, while remaining free to subdivide the headings in the way and to the extent they considered suitable for their own particular requirements. The same applied to the general rules and interpretative notes on the sections and chapters: their order and numbering should be respected and maintained, but that did not mean that any country was not free to add whatever further notes it wished in order to clarify further the content of the sections or chapters concerned, and especially the meaning of any subdivisions it might introduce.

With respect to the international obligations of countries that adopted the BTN, it was explained that only countries that were members of the Nomenclature Committee of the Customs Co-operation Council are obliged to adopt the nomenclature and to adhere strictly to its headings, general rules and interpretative notes. There is no such obligation or undertaking for other countries, although it is advisable that the nomenclature should be adopted without changes in order to preserve the desired uniformity, without prejudice to the right to establish additional

/subdivisions as

subdivisions as required. This is, in fact, the principle adhered to most of the 45 countries that have adopted the BTN without being members of the Nomenclature Committee.

21. In view of these and other considerations advanced during the debate, and without entering into the merits of drawing up a basic standard customs nomenclature specially for Latin America, it was agreed to recommend that the BTN should be adopted and that, in order to ensure the desired uniformity, while each country is left free to establish under every heading listed such subdivisions as it may deem expedient, the adoption of the nomenclature be effected (a) without omission of any of its headings, addition of any new headings or alteration of the numbering of the headings, and (b) without the introduction of any change in the general rules of its interpretation or in the notes to chapters or sections which might modify their content or the content of the headings.

With the same object of ensuring the desired uniformity, it was also decided to recommend that national customs tariffs in Latin America based on the BTN be drawn up and applied in conformity with the Explanatory Notes approved by the Customs Co-operation Council, while countries are left free to supplement the said notes with any they may deem necessary to define such subdivisions as they may establish. Both recommendations are included in resolution 1 (I). In this resolution the Working Group also suggests to the ECLA secretariat that it provide technical advice to the Latin American Governments on the occasion of their adoption of the Brussels Nomenclature in their national customs tariffs, and that in this connexion it seek the co-operation of the United Nations Bureau of Technical Assistance Operations and of the Customs Co-operation Council, and that in addition the ECLA secretariat should take the necessary steps to ensure that the nomenclature is kept up to date by the countries that adopt it in accordance with any recommendations that the Nomenclature Committee of the Customs Co-operation Council may make.

22. As regards the amount of detail in the breakdown that might be given to the BTN headings by the various Latin American countries in adopting it for their national customs nomenclature, it was concluded that, since the establishment of sub-items or sub-headings was closely linked with

/the particular

the particular circumstances and interests of each country, it would be neither practicable nor desirable to lay down any general rules or restrict the freedom of action of each country in any other way, so long as sufficient knowledge of those circumstances and interests was not available and so long as it was not necessary to standardize national nomenclatures at the subdivision level. Thus the signatories to the Montevideo Treaty would remain free to agree on whatever rules or standards they deemed appropriate for the purposes of applying the said Treaty.

23. The Working Group agreed that, in order to identify, in the national nomenclatures based on the common nomenclature, the subdivisions introduced by each country, it would be advisable to retain the decimal classification and add one or two digits, as required, to those used in the BTN. With respect to the gradual adoption of the BTN by all the Latin American countries as their national customs nomenclature, there was general agreement that it would not be appropriate for the time being to set any time limit for this adoption, which would have to depend on the particular circumstances of each country.

24. With respect to the use of the standard nomenclature as a common point of reference for the negotiations provided for in the Montevideo Treaty, the Group considered that the use of the BTN would be helpful for this purpose. As it was not feasible for the Group to enter into any detailed consideration of what rules and procedures should be followed for that purpose, it confined itself to commending this view to the attention of the Provisional Committee of the Latin American Free Trade Association.

25. With respect to the use of the standard nomenclature for statistical purposes, the Group considered it advisable that this and similar matters should be studied further at a conference of statistical experts with the advisory assistance of customs experts.

26. When the foregoing questions were being discussed, the Brazilian representative proposed that they should be given more extensive consideration, so that there could be a detailed discussion of how the BTN was to be used in relation to matters specifically connected with the Montevideo Treaty. With this aim in mind he submitted the following supplementary agenda to the Working Group:

/1. Requirements

1. Requirements to be met by the standard nomenclature in order to comply with the provisions of article 49 (c) of the Montevideo Treaty:
 - 1.1 Minimum degree of detail in breakdown for use as a common basis for the negotiations
 - 1.2 Minimum degree of detail in breakdown for standard presentation of foreign trade statistics
2. Procedure for the drafting of a standard nomenclature:
 - 2.1 Drafting of a Spanish-Portuguese version of the BTN
 - 2.2 Drafting on the basis of existing nomenclatures of a first breakdown of the BTN headings for the purpose of using it, as far as possible, in the first series of negotiations
3. Establishing correlations between the standard nomenclature and each of the nomenclatures in use in the countries of the Area.
4. Appointment of a group of experts for the purposes of paragraphs 2 and 3 above.
5. Application of the standard nomenclature:
 - 5.1 Procedures to be adopted to ensure that it is applied and kept continuously up to date
 - 5.2 Establishment of a specialized body, attached to the Standing Executive Committee of the Latin American Free-Trade Association, to:
 - 5.2.1 Follow closely the application of the standard nomenclature
 - 5.2.2 Keep it up to date
 - 5.2.3 Study cases of doubt or disagreement as to its interpretation and make recommendations thereon
 - 5.2.4 To provide technical assistance in this field to the countries of the Area
6. Adoption of the standard nomenclature by the countries of the Area as their national nomenclature:

/6.1 Possibility

- 6.1 Possibility of its immediate adoption by some or all of the countries of the Area, in view of the provisions of article 15 of the Montevideo Treaty
- 6.2 Advisability of recommending that those countries that cannot adopt the nomenclature immediately should begin to make the necessary changes in their respective national nomenclatures so as to facilitate the change-over to the standard nomenclature.

27. The Working Group, although it shared the Brazilian representative's concern and recognized that, for the purposes of the Montevideo Treaty it would be necessary to achieve a standard breakdown of the BTN to facilitate the negotiations provided for in that Treaty, considered that, in view of the short time available and of the fact that some representatives had stated that they needed more time to collect the necessary background information, it would not be possible at the current session to embark on a detailed analysis of the questions raised in the proposed supplementary agenda. It consequently decided to take note of that agenda and to transmit it to the Provisional Committee of the Latin American Free-Trade Association.

2. Definition and verification of customs value

28. For the consideration of this item of the agenda, referred to in document E/CN.12/C.1/WG.3/2/Add.1 prepared by the ECLA secretariat, the following order of business was proposed and adopted:

I

- (1) The notion of "customs valuation" in the various Latin American countries
- (2) The need to adopt a standard definition
- (3) Component elements of a definition:
 - (a) Place of delivery of the goods
 - (b) Time when the price of the goods is taken into account
 - (c) Price of the goods
 - (d) Quantity of goods and level of the transaction
- (4) Advisability of drafting a new definition or adopting an existing definition

II

- (1) Administrative valuation agencies: existing offices and analysis of the various suitable methods of operation
- (2) Analysis of some of the opinions of the Valuation Committee of the Customs Co-operation Council on particular cases (deferred payments, interest, production surpluses, goods no longer of use in the country of origin, dumping, etc.)
- (3) Exports from the countries with a centrally planned economy and the extent to which they conform to the definition adopted.

29. With respect to item (1), each representative gave an account of the definition or concept of customs value and its actual application in his own country. These accounts, which were subsequently submitted in writing on the basis of a standard questionnaire or model and reproduced as annex I* of the present report show that there is a variety of criteria and procedures for determining the value of goods subject to ad valorem duties.

30. The Working Group recognized the need to arrive at a standard definition of customs value and also, as far as possible, to adopt standard procedures for its application in order to ensure that the actual incidence of ad valorem duties is not affected by differences in methods of valuation. This consideration is of special importance with respect to countries that are parties to agreements aimed at establishing customs unions, free-trade areas or any other kind of economic association.

* Available in Spanish only.

31. In view of this recognized need, and desirous of arriving at a standard definition on the basis not of any preconceived idea but rather of an examination of the essential component elements of such a definition, the Group proceeded to consider those elements, namely, place of delivery of the goods, time when the price used as the basis of valuation is to be established, the price to be used as the basis of valuation, and effect on that price of the quantity of goods and level of the transaction.

32. The first element, the place where the goods are assumed to be for valuation purposes, is essential, since it governs the choice of the type of price used as the basis of valuation. There are a number of alternatives, the ex-factory price, the price at the port of shipment (f.a.s. or f.o.b. value), price at the port of destination (c.i.f. value) etc. Most countries including the Latin American countries, use the c.i.f. price (value of the goods delivered at the port of destination) as the basis for levying duties (although others usually prefer the f.o.b. price, which is the value of the goods on board ship at the port of shipment). The Working Group expressed itself as generally in favour of the c.i.f. price, among other reasons because it was considered as representing the actual cost of the goods for the importer at the time of valuation. Because it is the price of the goods at the time of valuation, it is easier to determine or check, since at that time the goods, the importer and the customs official responsible for the valuation are all together in one place. The adoption of the f.o.b. price, on the other hand, might create difficulties, since if any inquiry were necessary it would have to be referred to the exporter market. However, in view of the fact that the question was not in fact one of vital importance, it was conceded that there might be economic or practical reasons why, in certain countries or instances, it might be better to use the f.o.b. rather than the c.i.f. price.

In view of the need to adopt a standard criterion, it was considered generally more suitable to use the c.i.f. price as the basis of valuation, that is, the price of the goods at the place where the goods are imported, and not at the place from which they are exported.

33. With respect to the time when the price to be used at the basis for valuation is established, it was likewise recognised that, generally speaking, it seemed more satisfactory and appropriate to choose the time when the duty becomes payable, that is, the base price would be the price of the goods at the time they are undergoing customs formalities in the importing country, which is also the time when the goods are valued. Each country could establish this time more specifically between the date on which the customs declaration is submitted or recorded and the date on which the goods are withdrawn from customs.

Without prejudice to its acceptance of the general criterion referred to, the Working Group took the view that that criterion should have a certain flexibility, and agreed that it would be advisable to leave a certain leeway with respect to the time element, so that countries that might prefer to do so could base valuation on the price of goods at the time of export instead of the time at which the duty becomes payable.

34. With respect to the price to be used as the basis of valuation of the goods, it was affirmed during the debate that the positive concept of price - that is, the actual sale price of the imported goods - would be unacceptable for the purposes of customs valuation, since that price might be different from the actual price established in a transaction effected on the open market. Moreover, in some cases there may not even be any such sale for various reasons: for example, there may be a special relationship or link between the buyer and seller (as in sales to subsidiary firms, to sole agents, etc.) which results in the price paid, or to be paid, not being the same as it would be if there were no such link; again, the commercial or consular invoice is usually accepted as proof of the price paid and this can be falsified or forged; or the purchase may have been made on exceptional or abnormal terms (for instance, for sales of surpluses, stock clearances, sales of liquidation stocks, etc.) not available to most importers; or there may not have been any actual sale (goods imported on consignment, for instance). Lastly, there may be a number of other reasons why the price actually paid by the purchaser, or at least the price appearing in the commercial invoice, may not be the price at which such goods are normally purchased by other buyers.

35. The Working Group decided that these problems would be solved by adopting, instead of the positive concept of price - the sale price, that is the price at which the goods "are" sold - a notional concept, in which the indicative "are" is replaced by the conditional "would be": the price at which the goods to be valued "would be" sold under assumed conditions (for example, of independence between buyer and seller).

Accordingly, the essential condition for a price to be acceptable as a basis of valuation under this concept is that it must have been established under open market conditions, since it is only under such conditions that it can be stated that that would be the price at which any importer could obtain the goods in question from the same supplier.

During the discussion on this aspect of customs value, it became clear that the adoption of a definition of that value based on the above-described notional concept would not imply rejecting the validity of the price declared by the importer in the commercial or consular invoice. On the contrary, that price should in fact be given much weight as a point of departure, but it should be checked to determine whether or not it corresponds to what may be regarded as the normal market price of such goods. In determining this normal price, there must again be standards or rules derived from a given definition. It was pointed out that, in practice, no customs administration accepts the price declared by the importer without question; it is in fact subject to analysis on the lines described. But this does not change the fact that in most cases that price coincides with that at which the goods "would be" sold according to the notional concept referred to, and which is consequently acceptable.

36. With regard to the elements represented by quantity and by the level at which the transaction is negotiated, and their influence on the sales price of the goods, the Working Group reached the conclusion that these should be taken into account in the determination of customs value. It is, in fact, a current and accepted trade practice for the price at which merchandise can be obtained (that is, the discounts normally made on the basic price) to be related to the quantity sold and still more closely to the level at which the sale is effected, - between manufacturer and wholesaler, between one wholesaler and another, between wholesaler and retailer, etc.

37. On concluding its study of the elements which must be taken into account in the determination of customs value, the Working Group considered that they were satisfactorily embodied in the definition of customs value drawn up by the Customs Co-operation Council and commonly known as the "Brussels Definition". In article I of this definition, it is established that for the purposes of the application of ad valorem customs duties, the value of goods to be imported for consumption is their "normal price", that is, the price that would be fixed for the said goods, at the time when the customs duty became payable, under a contract of sale concluded in the open market between buyer and seller independent of each other. In its other articles the Definition specifies the place of delivery of the goods as an element in the concept of their "normal price" (port or place of introduction of the merchandise into the country of importation, which implies adoption of the c.i.f. value of the goods), the prerequisites for the existence of open market conditions, and the manner of determining the price of the goods to be valued when they are manufactured in accordance with any patented invention or are imported under a foreign trade mark.

38. After detailed study of each article of the Definition and its Explanatory Notes, the Working Group, by virtue of its resolution 2(I), decided to recommend that the aforesaid "Brussels Definition" be adopted, since it fulfilled the theoretical and practical requisites considered desirable, with the reservation that the time element should be susceptible of interpretation with tolerance or latitude, in the sense that it might be taken to refer to the time of exportation of the goods.

39. The Brussels Definition of customs value having been adopted, the Working Group went on to consider the practical aspects of its application and the mechanism or procedure which might be recommended for the determination of the normal import values or prices of the various goods by each individual country, as well as the question of the agency or agencies to be responsible for this work and the means of verifying values that could be placed at the disposal of customs officials. In this connection, it was felt to be desirable that each country should establish, either within or in close association with the national customs administration concerned, a central valuation office responsible for the compilation and analysis of data and

/information which

information which would be of use to customs officials for the correct valuation of imported goods, whether by providing them with price lists and other background data, or through any other procedure which might be deemed satisfactory. Hence a recommendation to this effect was incorporated in resolution 2 (I), with the additional suggestion that such offices should make arrangements to interchange information and data likely to be reciprocally helpful to them in the efficacious discharge of their functions, and that they should adopt, so far as possible, standard methods or procedures for the collection and analysis of such material.

40. It was likewise decided in the same resolution to suggest to the ECLA secretariat that it should assist those Latin American Governments which so requested with technical advice on measures conducive to the implementation of the recommendations formulated, with the collaboration, when it deemed this necessary, of the Customs Co-operation Council, independently of any additional contacts which each individual country might establish directly with the Council.

41. The delegations of countries already possessing agencies of the kind recommended in paragraph 39 described their organization and mode of operation. The Working Group also took cognizance of information on certain particular problems relating to valuation practices, such as the determination of customs value for imports of goods whose production has been discontinued or of production surpluses, or in the case of countries where State trading prevails. In this same connexion, note was taken of the suggestions contained in the last part of the ECLA secretariat document E/CN.12/C.1/WG.3/2/Add.1

3. Definition of basic customs terms

42. In the course of the general discussion of basic customs terms for which the background document was another paper prepared by the ECLA secretariat (E/CN.12/C.1/WG.3/2/Add.2), the Working Group agreed that in working out the various definitions a co-ordinating principle ought to be followed, so as to ensure that they were complementary and properly correlated. It was also deemed necessary to define the concepts "foreign goods", "domestically-produced goods" and "nationalized goods", since they were constituent elements in all definitions relating to customs operations.

/The term

The term "goods" was defined as in Explanatory Note (ii) on the concept of "importation", the aim being to establish the exact scope of the term for customs purposes, by interpreting it to include all goods passing through customs instead of only those actually traded.

43. After examining each of the definitions proposed in the document referred to, the Working Group proceeded to adopt them in the form in which they are set forth in resolution 3 (I), deeming it necessary to supplement some of them with explanatory notes that would ensure a more precise elucidation of the concepts concerned.

44. In the course of the discussion, the following observations were formulated in connexion with certain customs operations:

(a) Temporary admission. Some delegations stated that under the head of operations of this type the entry of foreign goods for processing or manufacture was permitted under bond or on payment of duties reimbursable when the goods left the country.

It was determined that such operations should not be classified under the concept of "temporary admission", as some of them would fit more appropriately into the drawback system, which might be studied at a later stage. The existence of a clear differentiation between the two systems was established, since the very term "temporary admission" implies a time limit, whereas under the drawback system the period during which the goods remain in the country may be indefinitely prolonged. In the former case the underlying reason for the suspension of import duties is the fact that the goods are not to be nationalized, while in the latter duties are payable because the goods are nationalized, even though they may leave the country at a later date.

In view of these considerations it was decided to add note (ii) to the definition of "temporary admission".

(b) Re-exportation. The Working Group reached the conclusion that the scope attributed to this operation in article 50 of the Montevideo Treaty was not consistent with the correlation existing between the customs concepts of "importation" and "exportation", since the first of these designates the legal entry upon payment of duty, of goods intended for final use or consumption within a country, which thus become "nationalized". Consequently, the redispach abroad of nationalized goods would be defined as "exportation".

/Attention was

Attention was also called to the fact that the concept of "re-exportation" adopted in article 50 of the Montevideo Treaty is not of a technical character, and makes determination of the nature of the operation conditional upon the industrial processing of the goods.

(c) Domestically-produced goods. The Working Group pointed out that the definition of this term formulated in resolution 3 (I), paragraph (g) related to customs operations, and could not be applied to a given product for purposes of determining its origin.

(d) Border trade. It was not considered expedient to define this aspect of trade, since, given its manifold facets, no definition would satisfy the individual interests of the different countries. In this connexion, too, it would be necessary, in order to facilitate negotiations between Latin American countries and especially among the members of the Latin American Free-Trade Association, to ascertain the provisions and principles governing such trade in each of the countries of the region. To this end, the ECLA secretariat might compile the said provisions and principles for the information of interested countries.

4. Customs procedures

45. After considering the ECLA secretariat document E/CN.12/C.1/WG.3/2/Add.3 and hearing what the various delegations had to say on the formalities and documents in use in their respective countries, the Working Group recognized that these customs documents and formalities varied to some extent, as did also the number of documents that had to be submitted to customs, both for imports and for exports. It was also noted that the customs formalities and documents relating to importation in the different countries had a common basis which would facilitate standardization and simplification.

46. The delegations agreed that the possibility of simplifying shipping formalities and documents, many aspects of which bore a close relation to customs procedures, should be considered in conjunction with the simplification of these latter.

47. Since multilateral treaties conducive to the liberalization of trade had already been concerted by Latin American countries, the Working Group felt that the studies which would be carried out for the purposes of
/simplifying customs

simplifying customs formalities might afford a useful opportunity of devoting special attention to ways and means of establishing a simple and speedy procedure for the entry of goods to which liberalization measures were applied under such treaties.

48. In the same context, it was pointed out that in the view of the Customs Co-operation Council, which is carrying out comparative studies on the customs procedures observed in its member countries,^{3/} the improvement of any set of customs regulations could not be seriously contemplated without knowledge of its objectives, the texts by virtue of which it was applied and its practical implications. This suggested that a great deal of time-consuming work would have to be undertaken before acceptable conclusions could be reached in respect of the standardization and simplification of formalities.

49. The Group therefore considered that the work in question should be begun at the earliest possible date, to which end it decided, in resolution 4 (I), to recommend to the ECLA secretariat that in its current studies on customs questions it should give priority to the aspect of co-ordinating and simplifying customs and shipping procedures and documents, and should seek in that connexion, if necessary, the assistance of the Customs Co-operation Council and other international bodies.

5. Origin of goods: preliminary consideration from
the customs standpoint

50. The Working Group was in agreement with the statement in the ECLA secretariat document E/CN.12/C.1/WG.3/2/Add.3, to the effect that the problem of the origin of goods within a free-trade area could be considered at the current session only from the administrative point of view. It therefore confined itself to placing on record that, in the opinion of the delegations present, the action of customs authorities with respect to the origin of goods should relate mainly to administrative aspects. Resolution 5 (I) embodies a declaration to that effect, and also suggests

^{3/} See Information document N° 1, El Consejo de Cooperación Aduanera: su origen, estructura y actividades, distributed at the present session, for a full account of the constitution of the said Council and the studies it has completed or is carrying out.

to the ECLA secretariat that, in consultation with the Latin American Free-Trade Association, it should prepare draft regulations and procedures relating to the certification of origin with a view to facilitating the administrative customs work referred to above.

6. Training of customs officials

51. The Working Group also discussed the question of the training of customs officials, calling attention to the increasingly responsible nature of their work as a result of the important bearing that customs tariffs now have on economic policy and industrialization in the Latin American countries. Since, with few exceptions, these countries have at present no special training schools of the type indicated, the Working Group decided, in resolution 6 (I), to recommend the establishment of such schools and to suggest to the ECLA secretariat that, in co-operation with the United Nations Technical Assistance Board and other international bodies, it should provide countries, on request, with any advisory services that might be required for the fulfilment of the recommendation aforesaid.

7. Meaning of the term "duties and charges" for the purposes of article 3 of the Montevideo Treaty, and its expression or equivalence in terms of ad valorem customs duties

52. The Working Group broke down this item on the Agenda into the following three sections:

- (a) Bases for the identification of "import duties and charges"
- (b) Expression of import duties and charges in terms of ad valorem customs duties
- (c) Import duties, charges and other restrictions existing in the various countries

Discussion was based on the background document entitled Identificación de los conceptos que deben ser considerados como "gravámenes" a los efectos del artículo 3 del Tratado de Montevideo, y su expresión equivalente en términos de derechos aduaneros ad valorem (E/CN.12/C.1/WG.3/3/Rev.1), prepared by the ECLA secretariat.

/(a) Bases for

(a) Bases for the identification of "import duties and charges"

53. The phrase "customs duties and any other charges of equivalent effect" (Montevideo Treaty, article 3) was considered to comprise all duties, charges or taxes payable on or in relation to imports, provided that they do not represent payment of the approximate cost of services rendered. Monetary or exchange restrictions which directly affect the cost of imports will also be regarded as charges of equivalent effect.

54. Accordingly, in addition to customs duties proper, the following will be considered to constitute import duties and charges:

- (i) Supplementary import duties
- (ii) Taxes on transfers of funds abroad in payment for imports
- (iii) Consular dues or fees, when they do not correspond to the cost of the service rendered
- (iv) Other import duties or taxes collected in return for services rendered, but appreciably in excess of their approximate cost
- (v) Taxes classified as internal, but applicable only to imported, not to domestically-produced goods (with the exception of the régime contemplated in chapter V of the Treaty), or heavier for the former than for similar domestically-produced articles (in this case it is the amount of the difference that will be regarded as an import duty)
- (vi) Exchange surcharges
- (vii) Exchange allocation systems, when their effect is to raise the cost of foreign exchange for the financing of certain imports
- (viii) Cost of financing prior deposits or payments in advance
- (ix) Other duties, charges or restrictions representing direct or indirect protection for domestically-produced goods or import taxation imposed for fiscal or exchange reasons, if their effect is to raise the cost of imported merchandise.

55. In connexion with consular dues or fees, divergent opinions were expressed. Thus, while one delegation was in favour of abolishing them in their entirety, including consular formalities proper (consular invoices, visas for commercial invoices, etc.), in the view of another only that proportion of the total which was in excess of the cost of the service /rendered should

rendered should be eliminated, although the possibility of agreeing on their complete abolition for intra-Area trade should not be dismissed. A third delegation stressed that consular action benefited the importer, since it accredited the authenticity of the documents presented and strengthened the likelihood that the declaration of value was correct.

56. The Working Group analysed, among other import restrictions, those mentioned in the secretariat document, which would have to include certificates of essentiality and, where appropriate, health certificates. It was pointed out that prior deposits, as well as the application of a quota system to the foreign exchange supply, also acted as indirect quantitative restrictions.

(b) Expression of import duties and charges in terms of *ad valorem* customs duties

57. Broadly speaking, the Working Group was in agreement with the views propounded in the relevant section of document E/CN.12/C.1/WG.3/3/Rev.1. Nevertheless, it made the reservation that the bases and elements used for calculation purposes in each country ought to give a clear idea of the real incidence of duties and charges, estimated on the basis of a standard concept of value. At all events, it would be necessary to ascertain the exact extent to which the method of calculation applied, in each individual country, involved a difference or divergence from the calculation based on the standard concept of value adopted by the Latin American Free-Trade Association.

58. In this connexion it would be worth while to devote special attention to the divergences resulting from the adoption of the f.o.b. or c.i.f. value; the question of whether supplementary charges were or were not included in that value; the exchange rate used for conversion of the value expressed in terms of foreign exchange to national currency, and the situations arising from the adoption of official customs or base values (*aforos*) differing widely from the real value of the merchandise. Only thus could the real incidence of the import duties and charges in force in each country be accurately defined.

(c) Duties, charges and other restrictions existing in the various countries

59. In the course of reviewing the duties and charges of every type existing in each of the member countries, the individual delegations gave detailed accounts of the duties and charges and the mechanisms for
/their application

their application in force in their respective countries. To supplement these oral explanations, the delegations furnished the information in writing reproduced in annex II^{*/} to the present report. In the opinion of the Working Group, such information might be of special interest in so far as it permitted countries to acquaint themselves with the principal characteristics of one another's import régimes.

8. Concept of "duties and charges in force"

60. The Working Group considered that the observations in the ECLA secretariat document E/CN.12/C.1/WG.3/3/Add.1/Rev.1 referring to the definition of the concept of "duties and charges in force" for the purposes of article 5 of the Montevideo Treaty would afford very useful guidance in future negotiations, since they formulated the criteria that might be adopted in establishing the bases for a definition of the said concept, both in respect of third countries (as a basis for the calculation of weighted averages) and in the initial relations between the signatories of the Treaty.

9. Other business

61. The delegations described each country's situation with regard to international treaties including a most-favoured-nation clause, treaties comprising tariff concessions or consolidations, special circumstances in respect of exemption or reduction of duties, etc. This information is included in annex II to the present report.

62. Since both this and the preceding item on the Agenda related to matters more closely allied to economic, trade and tariff policy than to specific problems of customs technique or theory, it was not considered incumbent upon the Working Group to formulate definite resolutions or recommendations on the topics concerned. The responsibility of the Group was limited to providing the opportunity for a comprehensive exchange of views and information, which would be of positive use in placing at each delegation's disposal the background data it would need during the negotiations contemplated in the Montevideo Treaty.

*/ Available in Spanish only.

II

RESOLUTIONS ADOPTED

63. During the first session of the Working Group on Customs Questions, the following resolutions were adopted:

- 1 (I) Standard customs nomenclature
- 2 (I) Definition and verification of customs value
- 3 (I) Definitions of basic customs terms
- 4 (I) Customs procedures
- 5 (I) Administrative control of the origin of goods
- 6 (I) Training of customs officials

64. The text of the resolutions is given below.

Resolution 1 (I)

STANDARD CUSTOMS NOMENCLATURE

The Working Group on Customs Questions,

Bearing in mind resolution 7 (II) of the ECLA Trade Committee, as well as the document prepared by the ECLA secretariat in compliance with the said resolution (E/CN.12/C.1/WG.3/2), of which it takes note with satisfaction,

Considering that it would be desirable for the Latin American countries to adopt an up-to-date standard tariff nomenclature which would facilitate customs operations and tariff negotiations,

Believing that the adoption of such a standard tariff nomenclature is at the same time a factor of importance for the smooth working of multilateral treaties aiming at the liberalization of trade, such as those already concluded in Latin America,

Whereas the Brussels Tariff Nomenclature offers undeniable technical and practical advantages, having already been adopted by more than sixty countries,

Decides:

1. To recommend the adoption of the Brussels Tariff Nomenclature by the Latin American countries in their national customs tariffs;

2. To recommend likewise that, in order to ensure the desired uniformity, while each country is left free to establish under every heading listed in the aforementioned Nomenclature such subdivisions as

/it may

it may deem expedient, the adoption of the Nomenclature be effected (a) without omission of any of its headings, addition of any new headings or alteration of the numbering of the headings, and (b) without the introduction of any change in the general rules for its interpretation or in the notes to chapters or sections which might modify their content or the content of the headings;

3. To recommend further, with the same end in view, that national customs tariffs based on the Brussels Tariff Nomenclature be drawn up and applied in conformity with the Explanatory Notes approved by the Customs Co-operation Council, while countries are left free to supplement the said notes with any they may deem necessary to define such subdivisions as they may establish;

4. To suggest to the ECLA secretariat that it provide technical advice to the Latin American Governments on the occasion of their adoption of the Brussels Nomenclature in their national customs tariffs, and that in this connexion it seek the co-operation of the United Nations Bureau of Technical Assistance Operations and of the Customs Co-operation Council;

5. To suggest to the ECLA secretariat, in addition, that it report in due course to those Latin American countries which have adopted the Brussels Nomenclature, so that they may keep it up to date, any changes introduced into the said Nomenclature as a result of recommendations made by the Customs Co-operation Council, and all such rules and regulations as may be adopted by the said Council to facilitate its uniform interpretation, independently of any direct information which countries acceding to the Council may receive;

6. To call the attention of the Provisional Committee of the Latin American Free-Trade Association to the desirability of considering the use of the Brussels Nomenclature as a point of reference for the purposes mentioned in article 49(c) of the Montevideo Treaty.

Resolution 2 (I)

DEFINITION AND VERIFICATION OF CUSTOMS VALUE

The Working Group on Customs Questions,

Bearing in mind the document entitled "Valor Aduanero" (E/CN.12/C.1/WG.3/2/Add.1) prepared by the secretariat of the Economic Commission for Latin America with the collaboration of the Brussels Customs Co-operation Council, of which it takes note with satisfaction,

Considering that the application of ad valorem customs duties requires an equitable system for the valuation of imported goods, based on a definition of customs value which is consistent with internationally-recognized theoretical principles and which at the same time affords practical bases for the solution of the various problems arising in connexion with the valuation in question,

Considering that it is necessary, especially among countries which are parties to agreements aiming at the establishment of customs unions, free-trade areas, or economic associations of any other type, for such a definition of customs value to be uniformly adopted, in order to prevent differences in systems of valuation from affecting the real incidence of ad valorem duties and charges

Whereas the definition of customs value, with the relevant interpretative notes, contained in the Annex to the Agreement signed at Brussels on 15 December 1950, fulfils the above-mentioned requisites - as is clear from the analysis to which it was subjected in the course of discussion and from the experience of the countries which have applied it -, and is also in line with the principles set forth in article VII of the General Agreement on Tariffs and Trade (GATT),

Decides:

1. To recommend that the Latin American countries adopt, for the valuation of imported goods, the Customs Co-operation Council's definition of customs value, together with the interpretative notes accompanying the said definition;

2. To point out that the tolerance recommended by the Valuation Committee of the Customs Co-operation Council in its Explanatory Notes,

/and implicitly

and implicitly accepted in Interpretative Note No. 5 to article I of the definition allows countries desirous of so doing to adopt as the time element the date of exportation of the goods;

3. To recommend likewise that those Latin American countries which have not yet done so establish, either within or in close association with the national customs administration concerned, a central valuation office, responsible for the compilation and analysis of data and information which will be of use to customs officials for the correct valuation of imported goods, whether by providing them with price lists and other background data, or through any other procedure which may be deemed satisfactory;

4. To recommend also that such offices make arrangements to interchange information and data likely to be reciprocally helpful to them in the efficacious discharge of their functions, and that they adopt, so far as possible, standard methods or procedures for the collection and analysis of such material;

5. To suggest to the secretariat of the Economic Commission for Latin America that it assist those Latin American Governments which so request with technical advice on measures conducive to the implementation of these recommendations and to the maintenance of the desired uniformity, and that in this connexion it solicit, when it deems this necessary, the collaboration of the Customs Co-operation Council independently of any additional explanations, suggestions and advice for which countries may apply to the Council.

Resolution 3 (I)

DEFINITIONS OF BASIC CUSTOMS TERMS

The Working Group on Customs Questions,

Bearing in mind resolution 7(II) of the Trade Committee of the Economic Commission for Latin America as well as the document prepared by the secretariat of the Commission and entitled "Definición de términos aduaneros básicos" (E/CN.12/C.1/WG.3/2/Add.2), of which it takes note with satisfaction,

/Considering that

Considering that it is highly desirable for the Latin American countries to adopt standard definitions for certain basic customs operations and terms, especially in order to facilitate the interpretation and application of multilateral treaties aiming at the liberalization of trade,

Decides:

1. To recommend that the Latin American countries should adopt the following customs definitions:

- (a) Importation: the entry, after due compliance with the legal formalities, of foreign goods intended for final use or consumption within the country;

Notes:

- (i) The phrase "after due compliance with the legal formalities" implies that all provisions of a legislative, regulatory or any other nature in force in the importer country with respect to the entry of foreign goods have been duly complied with;
- (ii) The term "goods" covers all products, articles, manufactures, livestock and other movable tangible goods without any exception whatsoever;
- (iii) The term "final" implies that the goods are admitted into the importer country without any stipulation to the effect that they are for re-export, in transit or to remain only temporarily in the country;
- (b) Temporary admission: the duty-free entry, after due compliance with the legal formalities, of specific foreign goods which are to remain in the country for a limited time, on the condition that they are redispached abroad;

Notes:

- (i) The phrase "after due compliance with the legal formalities" covers the fulfilment of requirements relating to permits, bonds and other formalities in force in the importer country;
- (ii) Goods entering a country for processing or manufacture are not included in the foregoing definition and shall be governed by the individual provisions laid down in each country's legislation;

- (c) Foreign goods: goods brought into the country, from abroad and not nationalized, even if they were domestically produced or manufactured;

Optional supplementary clauses:

- (i) Unless they are shown on reliable evidence to be of domestic origin;
- (ii) Or if they were imported on a condition which is no longer being fulfilled;

- (d) Nationalized goods: goods brought in from abroad which have been imported for final use or consumption after due compliance with all the legal formalities;

- (e) Exportation: the dispatch abroad, after due compliance with the legal formalities, of domestically-produced or nationalized goods intended for final use or consumption abroad;

Note:

This definition does not cover the régimes for the provisioning of aircraft and vessels, which shall be governed by the special regulations in force in each country;

- (f) Temporary exportation: the dispatch abroad duty-free, after due compliance with the legal formalities, of specific domestically-produced or nationalized goods which are to remain out of the country for a limited time, on the condition that they are returned to the country;

Note:

The phrase "after due compliance with the legal formalities" covers the fulfilment of requirements relating to permits, bonds, and other formalities in force in the exporter country;

- (g) Domestically-produced goods: goods produced or manufactured in the country with domestic or nationalized materials;

- (h) Re-exportation: the redispach, after due compliance with the legal formalities, of foreign goods brought to the country but not nationalized;

Note:

The foregoing definition is based on a technical customs criterion and does not relate to the sense in which the term is used in the Montevideo Treaty (article 50);

/(i) International

- (i) International transit: the passage through a country, after due compliance with the legal formalities, of foreign goods intended for a third country;

Note:

The foregoing definition does not affect the provisions in force in each country with respect to transit of domestically-produced or nationalized goods which, in order to be transferred from one part of the national territory to another, have to pass through foreign territory;

2. To recommend the continuance of the work programmes on customs questions and the preparation of projects and studies relating to other customs definitions, operations and régimes not included in paragraph 1 of the operative part of the present resolution, such as drawback, special temporary admission régimes, free ports, private warehouses, régimes relating to containers, samples and so forth, with due regard to the studies of a similar nature carried out in other countries or by other international organizations;

3. To suggest that consideration be given to the advantages which the Latin American countries would derive from participation in the international conventions dealing with such matters.

Resolution 4 (I)

CUSTOMS PROCEDURES

The Working Group on Customs Questions,

Bearing in mind resolution 7(II) of the Trade Committee of the Economic Commission for Latin America and the ECLA secretariat report on customs procedures (E/CN.12/C.1/WG.3/2/Add.3), first part, of which it takes note with satisfaction,

Considering that the existing multiplicity of customs procedures and documents in the different countries of Latin America gives rise to manifest difficulties which hamper the development and reduce the tempo of trade in general,

Considering that the standardization and simplification of the customs formalities analysed and of the relevant documents would contribute

/to the

to the smooth working of the multilateral treaties already concluded among Latin American countries,

Considering that an overall study of the problem might appropriately include examination of the question of related shipping formalities and documents,

Decides:

1. To recommend to the secretariat of the Economic Commission for Latin America that, in the current studies on customs questions, priority should be given to the aspect of co-ordinating and simplifying customs procedures and documents as well as shipping formalities and documents;
2. To suggest that, with a view to achieving this aim, the Latin American countries accede to existing agreements;
3. To suggest that, if necessary, the assistance of the Customs Co-operation Council and other international bodies should be sought;
4. To indicate the desirability of convening a second meeting of the Working Group on Customs Questions when sufficient progress has been made with the above-mentioned studies to justify such action.

Resolution 5 (I)

ADMINISTRATIVE CONTROL OF THE ORIGIN OF GOODS

The Working Group on Customs Questions,

Bearing in mind resolution 7(II) of the Trade Committee of the Economic Commission for Latin America and the ECLA secretariat report on the origin of goods a preliminary study from the customs standpoint (E/CN.12/C.1/WG.3/2/Add.3, second part), of which it takes note with satisfaction,

Considering that the activities of the Working Group, with the information at present available to it, are confined to a study of existing customs practices in the countries it represents,

Considering that the determination of the origin of goods is outside the purview of the Working Group,

Considering that, within the aforementioned field of action, it was not possible to do more than consider the documents relating to origin and pertinent regulations,

/Decides:

Decides:

1. To place on record its view that the action of customs authorities with respect to the origin of goods should relate mainly to the administrative aspects;

2. To suggest to the secretariat of the Economic Commission for Latin America that, in consultation with the Latin American Free-Trade Association, it should prepare and submit to a second meeting of customs experts draft regulations and procedures relating to the certification of origin with a view to facilitating the administrative customs work referred to in sub-paragraph 1;

3. To suggest to the secretariat of the Economic Commission for Latin America and to the Latin American Free-Trade Association that, in undertaking studies on the origin of goods, they should take into account existing studies on this subject by other countries and international bodies.

Resolution 6 (I)

TRAINING OF CUSTOMS OFFICIALS

The Working Group on Customs Questions,

Bearing in mind the increasingly responsible nature of the work of customs officials as a result of the important bearing that customs tariffs now have on economic policy and industrialization in the Latin American countries,

Considering that fully trained staff are necessary for the proper application of customs tariff regulations,

Decides:

1. To recommend the establishment of training schools for customs officials in Latin America;

2. To suggest to the Montevideo Provisional Committee that it should include this subject in its consideration of customs questions;

3. To suggest to the secretariat of the Economic Commission for Latin America that, in co-operation with the United Nations Technical Assistance Board and other international bodies, it should provide countries on request with any advisory services that may be required for the fulfilment of the foregoing recommendation.

Annex I

DEFINITIONS AND PROCEDURES FOR DETERMINING CUSTOMS VALUE IN
VARIOUS LATIN AMERICAN COUNTRIES

A. QUESTIONNAIRE SUBMITTED TO DELEGATIONS ATTENDING THE FIRST SESSION
OF THE WORKING GROUP ON CUSTOMS QUESTIONS

Annex II*

IMPORT REGIMES IN FORCE IN LATIN AMERICAN COUNTRIES THAT ARE
SIGNATORIES TO THE MONTEVIDEO TREATY

(Argentina, Brazil, Chile, Mexico, Paraguay, Peru and Uruguay)

Note: These two annexes are available in Spanish only.

* Information provided by the delegations attending the first session of the Working Group on Customs Questions in addition to the information contained in document E/CN.12/C.1/WG.3/3/Rev.1. It refers especially to customs duties, charges of similar effect and other import restrictions in force in the countries concerned.