

WORLD TRADE ORGANIZATION

RESTRICTED

WT/ACC/KHM/13/Rev.1
3 March 2003

(03-1219)

**Working Party on the
Accession of Cambodia**

Original: English

ACCESSION OF CAMBODIA

Action Plan for the Implementation of the Customs Valuation Agreement

Revision

The Government of the Kingdom of Cambodia has submitted the following revised Action Plan for the Implementation of the Customs Valuation Agreement by Cambodia, with the request that it be circulated to the Working Party.

Revised Action Plan:

IMPLEMENTATION OF THE WTO CUSTOMS VALUATION AGREEMENT

Assessment

Cambodia currently applies minimum values to sensitive products to provide consistency of treatment and to deter valuation fraud. Throughout this Action Plan, “sensitive products” means products, the import of which yields significant budget revenue. We recognize that there is provision in Annex III (Paragraph 2) to the Custom Valuation Agreement for retention of minimum values during a transitional period.

The Royal Government of Cambodia will require a transitional period including the retention of minimum customs values for application of the valuation provisions in order to ensure the proper application of the Agreement and protect government revenue. Moving completely to transaction value at the time of joining the WTO would place budget revenue at grave risk. The challenges Cambodia faces in implementing the provisions of the Agreement include the low rate of voluntary compliance by importers, their lack of sound accounting systems and record keeping, and the limited capacity of the Customs and Excise Department to administer transaction valuation provisions. Cambodia will need time to educate importers in the new valuation provisions and in the requirements for customs record keeping and accounting systems. Considerable time will be required as well to develop internal administrative procedures such as a post clearance audit program, information technology systems including a valuation reference data base, and to educate staff. The Department will also need to develop mutual cooperation and assistance agreements with other Customs administrations to facilitate the exchange of valuation information.

As part of its WTO Valuation Agreement implementation plan the Customs and Excise Department will be seeking technical assistance in elaborating further and implementing a transition plan. However, matters relating to transparency, confidentiality, appeal rights, sureties for the release of merchandise and the interpretative notes relevant to these issues will be implemented at the time of accession. In addition, the new Law on Customs will be fully compliant with the Agreement. Transitional provisions will be included in the Law to accommodate the phasing approach being taken.

We propose to phase out the use of minimum and administrative values and to introduce the use of transaction value based on the following transition strategy. It should be noted that this is a preliminary strategy and we will welcome advice on all aspects of it. We will also consider the experiences of other countries in the region.

By the end of 2004:

Imports by large, multinational and Cambodian companies that have a well established compliance record with the Customs and Excise Department and are considered low risk importers will be valued based on the provisions of the Customs Valuation Agreement. While imports by such companies represent a relatively small proportion of the volume of imports, they account for a large proportion of the value of imports and of revenue collection. Initially only importers of a select list of products will be included (the list includes but is not limited to, petroleum products, pharmaceuticals, cigarettes and tobacco products, alcohol and beer, and new automobiles and motorcycles.) The Department will employ post clearance audit procedures to verify and ensure compliance. Valuation declarations may also be used to help the Department administer and enforce the new provisions.

These importers will be required to agree to provide Customs with supporting information on the price actually paid and on freight and insurance charges for their imports. They will also have to agree to participate in the post clearance audit program and must commit to maintain and make

available the required books and records for audit. During this period, and as the valuation reference data base is developed, firms other than large, multinational and Cambodian companies who import goods that are identical or similar to goods imported by these large firms will be included, based on their compliance records.

By the end of 2005:

Imports by companies granted duty-exemptions by the CDC under the Law on Investment, and other importers entitled to exemption of duties (NGOs, foreign missions, etc) will be subjected to the provisions of the Customs Valuation Agreement.

By the end of 2006:

Goods imported by smaller, relatively low risk importers will be valued according to the Agreement. These imports typically are of low value goods that attract relatively low rates of duty and therefore pose limited revenue risk. Imports of identical or similar goods by other importers will also be valued according to the Agreement.

By the end of 2007:

The remaining importers of low value goods with relatively low rates of duty will be included.

By the end of 2008:

During this year most effort will be placed on residual implementation and enforcement, and all importations, including highly taxed and sensitive goods, will be included under the provisions of the Customs Valuation Agreement.

Note: This transition strategy may be adjusted depending on the results and successes of the transition plan implementation (including revenue impacts).

WTO Customs Valuation Agreement Implementation/Technical Assistance Plan

Note: Prepared by the Customs and Excise Department

Year	Steps/ Measures/ Activities	Technical Assistance (Provided) or Sought
2001	<ul style="list-style-type: none"> - Drafting of Law on Customs to comply with WTO requirements and WCO standards initiated. (<i>Outcome: Customs Legislation that fully complies with WTO requirements</i>) - Technical training in valuation techniques provided to 24 officers by NZ customs experts. (<i>Outcome: Basic knowledge of WTO VA policies and procedures</i>) - Preliminary strategy for WTO Valuation Agreement (WTO-VA). Implementation plan prepared. (<i>Outcome: comprehensive action plan prepared</i>) - Technical assistance on creation of a post clearance audit function provided. (<i>Outcome: Establishment of a proposal for basic PCA program and plan for full implementation</i>) - Fifty staff provided with introductory training in WTO-VA. (<i>Outcome: Improved awareness of WTO VA policies and procedures</i>) - Overseas training in valuation techniques at Malaysian Customs institute (AKMAL) and through Japanese Customs. (<i>Outcome: Improved awareness of WTO VA policies and procedures</i>) - SGS valuation support system (VSS), a valuation reference database, implemented in head office and major customs offices. (<i>Outcome: Improved staff capacity to assess values of imported goods</i>) - Departmental valuation reference database implemented in Valuation office. <i>Outcome: Improved staff capacity to assess values of imported goods</i>) 	<ul style="list-style-type: none"> - TCAP: IMF expert and resident advisor. - NZ Customs through ASEAN Secretariat. - New Zealand Customs (ASEAN Secretariat). - New Zealand Customs (ASEAN Secretariat). - PSI company (SGS) as part of contract. - Malaysian and Japanese Customs Service. - Provided by SGS as part of TA commitments - Departmental initiative.
2002	<ul style="list-style-type: none"> - Draft LOC submitted to Council of Ministries (July 2002). (<i>Outcome: Customs Legislation that fully complies with WTO requirements submitted for approval</i>) - Development of transition strategy and plan for implementation of the valuation agreement. See attached Annex. (<i>Outcome: Comprehensive transitional plan to implement WTO VA provisions</i>) - Begin preparations for implementation of Post Clearance Audit program. (<i>Outcome: Establishment of a new organization responsible for PCA and commencement of program operation</i>) 	<ul style="list-style-type: none"> - IMF assistance through TCAP. - IMF assistance through TCAP. (IMF resident advisor) - IMF assistance through TCAP. (IMF resident advisor)

Year	Steps/ Measures/ Activities	Technical Assistance (Provided) or Sought
2003	<ul style="list-style-type: none"> - Submit Law on Customs to National Assembly (Jan. 03)'Draft regulations (Sub Decrees, Prakas, Circulars) (<i>Outcome: Complete legislative package of law and regulations fully compliant with WTO requirements</i>) - Creation of WTO-VA implementation project team. (<i>Outcome: Team of Government resources dedicated to WTO VA implementation in place</i>) - Preparation of departmental plan to implement this implementation/transition plan. (<i>Outcome: detailed action plan in place</i>). - Commence automation project implementation. (<i>Outcome: Fully automated customs processing systems in place</i>) - PSI contract to be made compliant with WTO VA. (<i>Outcome: PSI contract fully compliant with WTO requirements</i>) - Preparation of departmental valuation technical procedure manuals. (<i>Outcome: Complete customs valuation operational policy and procedures documentation in place for staff guidance</i>) - Implement Post Clearance Audit program. (<i>Outcome: Establishment of a new organization responsible for PCA and commencement of program operation</i>) - Development of technical training program (both for staff and traders) (<i>Outcome: Comprehensive training program developed and tested for delivery</i>) - Commence trade outreach program (consultation/information giving) (<i>Outcome: Participation of trade in the implementation of the new procedures and improved compliance</i>) - Implement new law on customs including regulations. (<i>Outcome: Implementation of a modern customs legislative base that supports WTO obligations and fully complies with international standards – WCO Revised Kyoto Convention</i>) - Provide training on new LOC (internal and external). (<i>Outcome: Staff fully trained in new law leading to its successful implementation</i>) - Commence training of staff and trade in WTO-VA (approximately twelve to six months prior to implementation). (<i>Outcome: Enhanced understanding of and capacity to apply the WTO VA provisions within the Department and the trading community</i>) - Commence automated customs processing system project. (<i>Outcome: Major improvement in departmental operations, revenue collection, trader compliance and trade facilitation</i>) 	<ul style="list-style-type: none"> - IMF Assistance through TCAP. (IMF Resident Advisor) - NZ Customs (Asean Secretariat) - Additional assistance required. - NZ Customs (Asean Secretariat).TCAP IMF Resident Advisor - To be determined. TCAP providing start up assistance. Funding required. - SGS with Customs and Excise Department. - Technical assistance required - NZ Customs (ASEAN) Japanese Customs IMF Resident Advisor - Technical assistance needed - Subject to funding
2004 - 2008	<ul style="list-style-type: none"> - Commence implementation of transitional provisions. (<i>Outcome: Commencement of application of WTO VA agreement without revenue loss due to poor compliance, Implementation of the transitional plan.</i>) - Provide transitional assistance and guidance to traders. (<i>Outcome: successful implementation of the transitional plan and eventually the full application of the VA</i>) - Complete implementation of WTO-VA (<i>Outcome: Successful implementation of the VA</i>) 	<ul style="list-style-type: none"> - Technical assistance needed.