

WORLD TRADE ORGANIZATION

WT/ACC/SAU/46

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Additional Questions and Replies

Question 1.

Paragraph 2(i) of document WT/ACC/SAU/38/Rev.1 indicates that a Committee has been established in the Customs Department that is responsible for preparing the ground work for implementing the Customs Valuation Agreement. Who chairs this Committee and which divisions are members? How regularly does the Committee meet to review and assess progress? Has Saudi Arabia also established an interdepartmental Committee to oversee the overall implementation of the Agreement; if so, which Departments are represented on this Committee and which Department chairs this Committee (and at what level)?

Answer:

The committee is chaired by the Director General of the Modernization and Development Division of the Customs Department. The divisions represented in the committee are: Valuation, Agreements, Legal, Tariffs, and the Information Center. It meets regularly at least once in three months. The above mentioned committee is responsible for overall implementation of the Agreement.

Question 2.

Further to paragraph 3(i) of document WT/ACC/SAU/38/Rev.1 does Saudi Arabia plan to incorporate verbatim the Custom Valuation Agreement or the Explanatory Notes into its laws or regulations, or is the legislation and regulations being drafting to give effect to these obligations?

Answer:

Saudi Arabia is drafting legislation and regulations amending and enlarging Article 51 to give effect to the Agreement on Customs Valuation.

Question 3.

Paragraph 3 (iii) of document WT/ACC/SAU/38/Rev.1 indicates that the Committee in the Customs Department is “studying the practical problems that developing countries are facing in implementing the provisions of the Agreement.” What are the specific practical problems that are being studied? What are the plans for addressing these problems?

Answer:

The Committee is studying the problems that other developing countries faced or are facing in implementing the Customs Valuation Agreement. In particular, it is studying the problem of under-valuation.

Question 4.

Paragraph 4(i) and 4(ii) of document WT/ACC/SAU/38/Rev.1 state that the “draft regulations will be ready by the end of 1999”, and the “legislative process will be initiated by the beginning of 2000.” Is the work on these areas proceeding according to schedule? Has the drafting of the regulations and legislation been completed?

Answer:

The final drafting of laws and regulations is proceeding and nearing completion.

Question 5.

Further to Paragraph 4(iv) of document WT/ACC/SAU/38/Rev.1, could Saudi Arabia explain why it believes that the “ implementation of the Customs Valuation Agreement requires, as a necessary pre-condition, the establishment of a computerized database on customs valuation” ? Why is this a pre-condition (e.g., which provision in the Customs Valuation Agreement requires this)? What is this customs valuation database to be used for?

Answer:

Saudi Arabia considers that a computerized database is necessary to implement the agreement especially the second and the third methods of valuation (Under Articles 2 and 3 of Customs Valuation Agreement). Under the second and third methods the value has to be based on transaction value of identical or similar goods exported to the country of importation, at or about the same time as the goods being valued. Without a data-base, it would be difficult to apply the second and third methods. The Data-base will not be used to reject declared values.

Question 6.

Further to Paragraph 4(v) of document WT/ACC/SAU/38/Rev.1 on customs modernization, which international developments and practices is Saudi Arabia studying. Which WTO Members' procedures is Saudi Arabia studying?

Answer:

Saudi Arabia is studying the procedures of some countries such as: Australia, Philippines, Singapore and Turkey. The developments that are under study include:

- which procedures in use before the implementation of the Customs Valuation Agreement were change, after its adoption, and in what manner the procedures were change;
- which computer software programs are used and have been found to be most suitable for implementing the Agreement;
- how the problem of under-valuation has been handled;
- any organizational or structural changes that are necessary to implement the Agreement.

Question 7.

Paragraph 4(vi) of document WT/ACC/SAU/38/Rev.1 states that “Saudi Arabia will hopefully start implementing the Customs Valuation Agreement on an experimental basis by the year 2001.” Could Saudi Arabia please explain what is meant by “experimental basis”? Does this mean Saudi Arabia plans to apply two customs valuation systems at the same time during the “experimental” period (e.g. Saudi Arabia’s current system for some importers or products and the Customs Valuation Agreement for other importers or products)? Further to Paragraph 4(vii) of the same document, is the “experimental” period intended to last only until the beginning of 2002?

Answer:

Applying the agreement on experimental basis, means that Saudi Arabia will start applying the provisions of the agreement before it is formally committed under the WTO to apply it. Only one system will be applied during that period but only at one port and all imported goods from all

countries will be under that system. The idea of applying the system on an experimental basis is to identify the problems, and to rectify them before the agreement is formally applied as a commitment under the WTO.

The experimental period may serve to prepare Saudi Arabia for successful implementation of the Agreement.

Question 8.

Paragraph 4(vii) of document WT/ACC/SAU/38/Rev.1 states that “full and final implementation of the Agreement will be made from the beginning of 2002.” Is this plan on schedule? Does this mean that Saudi Arabia will eliminate all minimum values when it implements the Agreement (and therefore will not be asking for a reservation under paragraph 2 of Annex III)? Does Saudi Arabia intend to seek any other reservations provided under Annex III of the Agreement?

Answer:

The plan is on schedule. However, Saudi Arabia would make a reservation under paragraph 2 of Annex III of the Agreement to continue the use of minimum values for a handful of products for a period of two years from the date Saudi Arabia start applying the Agreement. Saudi Arabia would also make reservations under paragraphs 3 and 4 of Annex III of the Agreement.

Question 9.

How does Saudi Arabia plan to approach customs valuation compliance by importers? Is Saudi Arabia looking at the risk assessment or importer self-assessment, combined with post-entry verification or audit procedures by Customs? If yes, could Saudi Arabia provide information and details on who it plans to select importers for verification or audit and what the type of verification or audit process it plans to follow? If Saudi Arabia is planning to use another approach to valuation compliance, could Saudi Arabia provide information and details on this approach?

Answer:

This issue is still under examination. It has not yet been decided which approach would be adopted.

Question 10.

As regards Article 11 of the Customs Valuation, how does Saudi Arabia plan to implement the requirements for review and appeal? Which agency or department/division will provide the administrative review (e.g., will it be customs valuation division or another division)? What will be the number of levels of “internal” appeals, the process and procedures an importer must follow to file an appeal, and the expected normal amount of time for a decision to be rendered? Which department/agency/court will provide appeal? Which court will provide final judicial appeal?

Answer:

The appeal review procedure is as follows: there are two levels of internal appeal. First, an appeal can be made to a committee at each port/airport.

The appeal against a decision of the port committee goes to a committee at the customs headquarters, within the Valuation Division. The first appeal normally takes a few days (two or three) and the second appeal about one week. The final appeal goes to the Board of Grievances, which is an independent judicial body.

Question 11.

Article 12 of the Customs Valuation Agreement requires Saudi Arabia to make its laws, regulations, judicial decisions and administrative rulings of a general application publicly available. When does Saudi Arabia plan to publish its laws and regulations? How does Saudi Arabia plan to keep its public informed of what Customs expects on valuation compliance? How does Saudi Arabia plan to make available “judicial decisions and administrative rulings of a general application” publicly available. In general, what is Saudi Arabia’s plans for encouraging cooperation between Customs and traders to promote the exchange of information in regard to customs valuation?

Answer:

Saudi Arabia publishes all laws and regulations, including laws and regulations on customs valuation in the official gazette Umal-Qura (please refer to paragraph 43 of the draft report of the Working Party).

Question 12.

Article 13 of the Customs Valuation requires that the release of goods not be unduly delayed when the final determination of the custom value can not be made at the time of importation. How does Saudi Arabia plan to implement this requirement (e.g., what systems and procedures does Saudi Arabia plan to put in place to implement Article 13)? How long will customs hold the good before releasing it when there is a delay in making the determination? How does Saudi Arabia plan to establish a final customs value after the goods have been released without making the final determination? What type of guarantee (e.g. surety bond) will Customs require?

Answer:

Saudi Arabia will continue the current practice of releasing goods on surety bond, if the final determination of customs value cannot be made. The surety bond will be release or adjusted after the final determination has been made. The period before release, would depend on the uniqueness of each case, but it would not be unduly long. In practice it is a short period.

Question 13.

As regards Article 16 of the Customs Valuation, who in Customs will be responsible for providing a written explanation when importers request an explanation of how the customs value was determined? Will there be time limits on how long the importer must wait to get an explanation, etc?

Answer:

The head of each port or airport will be responsible for providing a written explanation in a short period of a few days.
