

WORLD TRADE ORGANIZATION

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Committee on Regional Trade Agreements

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NORTH AMERICAN FREE TRADE AGREEMENT

Addendum

The following are responses to questions posed by the delegations from Norway and Switzerland, in WT/REG4/6, in relation to the examination of the North American Free Trade Agreement (NAFTA), for circulation to the Members.

1. Could the Parties confirm whether FOB is used to determine if a product qualifies for NAFTA origin?

The United States and Canada confirm that they use FOB for this purpose, when applicable.

2. Could the Parties confirm whether FOB is used to calculate the duties on products qualifying for NAFTA origin?

The United States and Canada confirm that they use FOB for this purpose, when applicable.

3. Could each Party indicate which base it uses (FOB or CIF) for customs valuation purposes to calculate the duties applied to products of non-NAFTA origin?

The United States and Canada use FOB to value products of non-NAFTA origin for calculation of duties.

4. Could each Party indicate the percentage of imports of products from NAFTA partners qualifying for NAFTA origin (as a complement to the "NAFTA - Update of Trade Data" submitted by the Parties in WT/REG4/5)?

About 75-80 percent of MFN-dutiable products entering the United States from NAFTA partners qualify for NAFTA origin. About 88 percent of MFN-dutiable products that entered Canada in 1996 from NAFTA partners qualified for NAFTA origin.

5. Could each Party indicate which base (FOB or CIF) was used for customs valuation purposes, prior and after entry into force of the NAFTA, for the valuation of its imports from Parties (with and without NAFTA origin) and from third Parties?

The United States and Canada have been using FOB for customs valuation purposes, both before and after the entry into force of the NAFTA, for imports received from NAFTA partners and third Parties.

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- 6. In the context of the change of the customs valuation system (from FOB to CIF) introduced by Mexico in December 1993, does Mexico consider that the maintenance of the FOB based customs valuation, for products qualifying for NAFTA origin, was a decision taken in the context of or with a view to the formation of NAFTA?**
- 7. Does Mexico apply the FOB based customs valuation for products originating from free-trade areas other than NAFTA to which Mexico is party?**
- 8. Did Mexico use FOB as a means to calculate customs value for all imports prior to 30 December 1993? Did Mexico on 30 December 1993 change its customs valuation system to CIF except for imports being granted NAFTA-origin? Could Mexico provide the legal text which provides that FOB value is to be used for customs valuation of goods originating in NAFTA?**
- 9. From the answers provided by Mexico on the occasion of the first round of examination of the NAFTA, it seems unclear whether Mexico considers that the introduction of the CIF system for all imports except for those given NAFTA-origin is linked to the entry into force of the NAFTA. Could Mexico clarify this point?**
- 10. Norway understands Mexico's reason for changing the basis for calculation of customs to be that CIF is considered to be a better system. Is this a correct understanding? If such is the case, why is CIF not being implemented for imports from all countries?**
- 11. Could Mexico indicate the percentage of total imports for 1994, 1995 and 1996 (if available) from Canada and the US which is given NAFTA-origin?**
- 12. Could Mexico confirm that only products with NAFTA origin are imported using FOB as the basis for customs valuation?**
- 13. Does, in the view of Mexico, the use of CIF provide a higher basis for calculation of customs duties than the FOB system?**

Questions 6-13 are not applicable for the United States and Canada.

The reply by Mexico to questions 1-13 is the following: Everything that Mexico has to say regarding this issue has already been said both in terms of the Committee on Regional Trade Agreements (CRTA) and the Committee on Customs Valuation (CCV). In the case of the CRTA, the statements are contained in documents WT/REG/4-1 and WT/REG/M/1, whereas in the CCV, the statements can be found in the minutes of the meetings. On the other hand, the issue has also been subject to formal consultations under the Dispute Settlement Mechanism and its content is confidential, according to the Understanding on Rules and Procedures Governing the Settlement of Disputes.
