



27 November 2018

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**REPORT (2018) OF THE COMMITTEE ON CUSTOMS VALUATION
TO THE COUNCIL FOR TRADE IN GOODS****1. BACKGROUND**

1.1. The Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 (the Agreement) entered into force on 1 January 1995. This report covers the period from 26 October 2017 to 19 November 2018. It addresses the work undertaken by the Committee on Customs Valuation (the Committee) in respect of the objectives of the Agreement. The objectives are: to provide greater uniformity and certainty in the implementation of the provisions of Article VII of the GATT 1994; to establish a fair, uniform and neutral system for the valuation of goods for customs purposes that precludes the use of arbitrary or fictitious customs values; to ensure that the basis for valuation of goods for customs purposes should, to the greatest extent possible, be the transaction value of the goods being valued; and to secure additional benefits for the international trade of developing countries.

1.2. During the period under review, the Committee held two formal meetings: on 23 April 2018 (G/VAL/M/66) chaired by Ms Luciana NADER (Uruguay) and on 19 November 2018 (G/VAL/M/67)¹, chaired by Mr Yuichiro OKUMURA (Japan). Mr Okumura had been elected as Chairperson by the Committee at the meeting of 23 April 2018. The Committee also held two informal meetings on 10 July and 27 September 2018.

1.3. Participation in the Committee is open to all WTO Members. In addition, Governments granted observer status by the WTO General Council attended Committee meetings as observers. At the April 1997 meeting, the Committee granted observer status to those organizations which until then had observer status on an *ad hoc* basis, namely UNCTAD and the WCO, as well as to the ACP and the IADB. The Committee took note of the fact that the World Bank and the IMF had observer status by virtue of the Agreements between those organizations and the WTO.

1.4. The Committee's rules of procedure, which were approved by the Council for Trade in Goods, are contained in document G/L/146.

2. IMPLEMENTATION OF THE AGREEMENT

2.1. During the period under review, no developing country Member maintained delayed application of the provisions of the Agreement in accordance with its provisions of Article 20.1. At the time of circulation of this report, no Member maintained an extension of the delay period in accordance with the provisions of paragraph 1, Annex III of the Agreement.

2.2. To date, 99 Members have notified their national legislation on customs valuation, including 16 Members which have submitted communications indicating that their legislation notified under the Tokyo Round Customs Valuation Agreement remained valid under the WTO Customs Valuation Agreement (both figures count the European Union as one). In addition, 68 Members have provided responses to the checklist of issues. There are 36 Members which have not yet made either of these two notifications. The status of notifications was issued in documents G/VAL/W/232/Rev.8 and G/VAL/W/232/Rev.9.

¹ To be issued.

3. ACTIVITIES OF THE COMMITTEE

3.1. The Committee carried out the following activities during the period under review:

(a) Review of information on the implementation and administration of the CVA

- continued its review of 14 national legislations notified by the following Members: the Kingdom of Bahrain; Belize; China; Guinea; Honduras; Kazakhstan; Malawi; Nepal; Nigeria; the Russian Federation; Rwanda; Solomon Islands; Sri Lanka and The Gambia. At the meeting of 19 November, the Committee agreed to revert to the examinations at the next meeting;
- took note of documents G/VAL/W/232/Rev.8 and G/VAL/W/232/Rev.9 which were issued by the Secretariat during the period under review and which summarized the status of notifications;

(b) Information on the application of Decisions of the Committee on Customs Valuation

- took note of the Secretariat's update of summary information on the latest status of notifications related to the Decision on the "Treatment of Interest Charges in the Customs Value of Imported Goods" and the Decision on "Valuation of Carrier Media Bearing Software for Data Processing Equipment" as contained in documents G/VAL/W/5/Rev.28 and G/VAL/W/5/Rev.29. During the period under review, Malaysia submitted two new notifications (G/VAL/N/3/MYS/1) and (G/VAL/N/3/MYS/2);
- took note of the statements made under the agenda item "Proposal by Uruguay (G/VAL/W/241/Rev.1) on the Decision on the Valuation of Carrier Media Bearing Software for Data Processing Equipment". Other documents related to this item include a proposal by Switzerland (G/VAL/W/254), a report with statistics on imports of those products (G/VAL/W/249), which was prepared by the Secretariat at the Committee's request, and Uruguay's responses to questions raised by one delegation (G/VAL/W/264);

(c) Technical Assistance

- had discussions on how best to respond to a request for technical assistance raised at the meeting of 23 April by some LDCs that were experiencing implementation challenges. As a result, at the meeting of 19 November, the Committee agreed to hold an experience-sharing workshop to take place on 14 February 2019;
- took note of the technical assistance carried out by the WTO. It also took note of the information compiled by the Technical Committee on Customs Valuation concerning technical assistance activities carried out by the WCO and its Members. This information is contained in documents G/VAL/8/Add.36 and G/VAL/8/Add.37;

(d) Specific Trade Concerns

- took note of the statements made on the following agenda items:

- (i) Armenia's reference price system in connection with the valuation of goods – raised by the United States;
- (ii) Pakistan's determination of customs values of paper – raised by Thailand;
- (iii) Oman's customs valuation of cigarettes and introduction of the selective tax, raised by Switzerland;
- (iv) Tajikistan – issues related to customs valuation, raised by Ukraine.

The concerns raised under (i), (ii) and (iii) were discussed at the meeting of 23 April and 19 November. Item (iv) was raised for the first time at the meeting of 19 November;

(e) Preshipment Inspection Agreement

- took note of a report consolidating the status of all the notifications which had been received on preshipment inspection (document G/PSI/N/1/Rev.3/Add.1). During the period under review, a new notification was submitted by Afghanistan;
- took note, at the meetings of 23 April and 19 November, of statements made under the agenda item "Egypt's status of Notification of PSI" raised by the United States and which was referred to in document G/VAL/W/299;
- took note, at the meetings of 23 April and 19 November, of statements made under the agenda item of questions and responses by the United States and Indonesia, respectively;
- took note, at the meetings of 23 April and 19 November, of the latest reports by the International Federation of Inspection Agencies (IFIA) concerning countries that use preshipment inspection services which were circulated in documents G/VAL/W/63/Rev.22 and G/VAL/W/63/Rev.23;

(f) Reports by the Technical Committee on Customs Valuation

- took note of the reports by the World Customs Organization on the work of the Technical Committee on Customs Valuation, including its 46th session (8 to 12 May 2018) and 47th session (23 to 26 October 2018), as well as related activities of the WCO Secretariat;

(g) Annual Review and Annual Report to the Council for Trade in Goods

- At the meeting of 19 November, the Committee:
 - adopted the Annual Review of the Implementation and Operation of the Customs Valuation Agreement (G/VAL/W/311)², and requested the Secretariat to update it to take account of the 19 November meeting; and
 - adopted the Annual Report to the Council for Trade in Goods (G/VAL/W/312), and requested the Secretariat to update it to take account of the 19 November meeting. Given that the meeting of the Council for Trade in Goods took place on 12 November, the Annual Report was submitted directly to the General Council.

² To be issued as document G/VAL/76.