

REPORT (2001) OF THE COMMITTEE ON CUSTOMS VALUATION TO THE COUNCIL FOR TRADE IN GOODS

BACKGROUND

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 year 2001. It addresses the work undertaken by the Committee on Customs Valuation (the Committee) in respect of the objectives of the Agreement, which 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 of fictitious customs values; to ensure that the basis for valuation of goods for customs purposes should be the transaction value of the goods being valued; and to secure additional benefits for the international trade of developing countries.

2. During the period under consideration, the Committee has held four formal meetings, on 9 March (G/VAL/M/19); 11 April (G/VAL/M/20) under the Chairship of Mr. Remo Moretta (Australia); 24 July (G/VAL/M/21) and 2 October 2001 (G/VAL/M/22 to be issued) under the Chairship of Mr. K.J. Weerasinghe (Sri Lanka). At the 11 April meeting, the Committee elected Mr. K. J. Weerasinghe (Sri Lanka) as Chairperson for 2001. At the 2 October meeting, the Committee elected Mr. Toshio Onishi (Japan) as Vice-Chairperson for 2001. The Committee is also scheduled to meet on 25 October 2001. However the proceedings of that meeting will not be reflected in this report.

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 had 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 these organizations and the WTO.

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

IMPLEMENTATION OF THE AGREEMENT

5. At the beginning of the period under review, 7 developing country Members maintained delayed application of the provisions of the Agreement in accordance with the provisions of Article 20.1 of the Agreement (for 49 Members, the delay period expired during 2000). By the end of the period under review (i.e. 31 December 2001) the delay period will have expired for all 7. At circulation of this report, 18 Members have been granted extensions of the delay period in accordance with the provisions of paragraph 1, Annex III, of which 11 have expired. Four requests for extensions are still pending agreement by Members. Understanding has been reached in the Committee that the texts of the national

legislation of these developing country Members will be supplied to the Committee before the developing country Members begin applying the provisions of the Agreement (G/VAL/5, para. B.2(ii)).

6. To date 14 Members have submitted communications indicating that their legislation notified under the Tokyo Round Customs Valuation Agreement remained valid under the WTO Customs Valuation Agreement (this number excludes individual EEC Members); 45 additional Members have notified either their complete national legislation on customs valuation or amendments thereto; 68 Members, (of which 7 have Annex III.1 extensions, 4 have requested extensions and 2 still have Article 20.1 delays) have not yet made any notification (See Annex).

ACTIVITIES OF THE COMMITTEE

7. At the meeting in March 2001:

- the Committee adopted a Decision granting a reservation under Annex III.2 for Jamaica (G/VAL/40). It took note of Nicaragua's withdrawal of its request for an extension under Annex III.1.

8. At the meeting in April 2001:

- the Committee examined the national legislations of Brazil, Colombia, Jamaica, Kyrgyz Republic, Oman, Romania and Uruguay and the responses provided by the Colombia, Jamaica, Oman and Uruguay to the checklist of issues. The Committee concluded its examination of the legislations and responses of Brazil, Jamaica, Kyrgyz Republic, Oman and Romania; the examination of the legislations of Colombia and Uruguay are still underway;

- the Committee took note of the information in document G/VAL/2/Rev.12 which contained a list of Members having invoked the special and differential provisions of the Customs Valuation Agreement. It also took note of document G/VAL/W/76/Add.1 which contained an updated inventory of notification requirements pursuant to extension decisions and minimum value reservations, and the notifications that had been made under the Decisions concerning delay extensions and minimum value reservations;

- the Committee discussed the proposal by the European Communities for a draft work programme to reinvigorate the Committee's work on technical assistance. There was support for the overall thrust of the communication but some delegations needed more time to consider it. It was agreed it would be taken up at the next meeting of the Committee. The Committee also took note of an update provided by the WTO Secretariat on its Technical Assistance Programme;

- the Committee heard questions from India on certain aspects of the European Communities' valuation policy as well as the responses from the EC. The Chairman urged bilateral consultations to resolve the matter and it was agreed to revert to this item at the next meeting;

- the Committee heard a report from the Chair on the unsuccessful outcome of his consultations on the Fourth, Fifth and Sixth Annual Reviews of the Implementation and Operation of the Agreement. The Committee took note of the three documents containing these Annual Reviews, namely G/VAL/W/29, G/VAL/W/43, and G/VAL/W/77, and agreed that the incoming Chair would take up the matter through consultations among the interested Members;

- The Committee took note of a statement from the United States in which it stressed the importance it attached to PSI companies moving away from valuation systems based on the Brussels Definition of Value and towards the WTO system. It was actively monitoring the situation.

- the Committee took note of the report on the on-going work of the WCO Technical Committee.

9. At the meeting of 24 July 2001:

- the Committee adopted the proposal by the European Communities for a Work Programme on Technical Assistance for Capacity-Building as Regards the Implementation and Administration of the WTO Agreement on Customs Valuation (G/VAL/W/82/Rev.1) on the basis of the statements made, including the two important points made by India, reflected in the minutes (G/VAL/M/21).

10. At the meeting of 2 October 2001:

- the Committee adopted its Report to the Council for Trade in Goods;
- the Committee elected Mr. Toshio Onishi (Japan) as Vice-Chairman for the year 2001.

ANNEX¹

Notifications

| Members | Members who have indicated their legislation remains valid under the WTO Committee (G/VAL/M/1) | Members who have submitted their legislation or amendments under Articles 22.1 and 22.2 of the Agreement | Members who have submitted their replies to the Checklist of Issues (G/VAL/5) | Members who are delaying application of the Agreement under Article 20.1 or para. 1, Annex III of the Agreement |
|----------------------|--|--|---|---|
| Albania | N/A | G/VAL/N/1/ALB/1 | Not notified | |
| Angola | N/A | Not notified | Not notified | |
| Antigua & Barbuda | N/A | Not notified | Not notified | |
| Argentina | G/VAL/N/1/ARG/1 | VAL/1/Add.22 + Suppl. 1-4 + Suppl. 2/Rev.1 | VAL/2/Rev.2/Add.4 | |
| Australia | G/VAL/N/1/AUS/1 | VAL/1/Add.14 + Suppl. 1-4 | VAL/2/Rev.1/Add.12 + Suppl.1 | |
| Bahrain | N/A | | | G/VAL/W/57 and Add.1-4 ² |
| Bangladesh | N/A | Not notified | Not notified | |
| Barbados | N/A | Not notified | Not notified | |
| Belize | N/A | Not notified | Not notified | |
| Benin | N/A | Not notified | Not notified | |
| Bolivia | N/A | | | G/VAL/W/37 |
| Botswana | Not notified | VAL/1/Add.16 | Not notified | |
| Brazil | G/VAL/N/1/BRA/1 | VAL/1/Add.20 + Suppl.1 G/VAL/N/1/BRA/2 and 3 | VAL/2/Rev.2/Add.3 | |
| Brunei Darussalam | N/A | Not notified | Not notified | |
| Bulgaria | N/A | G/VAL/N/1/BGR/1 | G/VAL/N/2/BGR/1 | |
| Burkina Faso | N/A | Not notified | Not notified | |
| Burundi | N/A | | | G/VAL/W/38 |
| Cameroon | N/A | Not notified | Not notified | |
| Canada | G/VAL/N/1/CAN/1 | VAL/1/Add.17 + Suppl.1-3 G/VAL/N/1/CAN/2 | VAL/2/Rev.1/Add.14 G/VAL/N/2/CAN/1 | |
| Central African Rep. | N/A | Not notified | Not notified | |
| Chad | N/A | | | WT/Let/237 |
| Chile | N/A | Not notified | Not notified | |
| Colombia | N/A | G/VAL/N/1/COL/1 | Not notified | |
| Congo | N/A | Not notified | Not notified | |
| Costa Rica | N/A | G/VAL/N/1/CRI/1 | Not notified | |
| Côte d'Ivoire | N/A | Not notified | Not notified | |
| Croatia | N/A | Not notified | Not notified | |
| Cuba | N/A | G/VAL/N/1/CUB/1 | Not notified | |
| Cyprus | N/A | VAL/1/Add.26 G/VAL/N/1/CYP/2 | VAL/2/Rev.2/Add.7 | |
| Czech Republic | N/A | VAL/1/Add.18 + Suppl.1/Corr.1 – 2 G/VAL/N/1/CZE/1,2 and 3 | VAL/2/Rev.1/Add.15 + Suppl.1 G/VAL/N/2/CZE/1 | |
| Dem Rep. of Congo | N/A | Not notified | Not notified | |
| Djibouti | N/A | Not notified | Not notified | |
| Dominica | N/A | G/VAL/N/1/DMA/1 | Not notified | |
| Dominican Rep. | N/A | G/VAL/N/1/DOM/1 | Not notified | |
| Ecuador | N/A | Not notified | Not notified | |

¹ Documents that begin with the code "VAL" are Tokyo Round documents. Where a Member has indicated that its legislation notified under the Tokyo Round Committee remains valid under the WTO Committee (second column), that Member is not counted in the total under the column listing Members who have submitted legislation under Article 22.1 and 22.2 (third column); that Member is counted under the second column. The table reflects the situation as of the date of circulation of this report.

² Request under para.1, Annex III is pending. This Member is not included in the total count.

| Members | Members who have indicated their legislation remains valid under the WTO Committee (G/VAL/M/1) | Members who have submitted their legislation or amendments under Articles 22.1 and 22.2 of the Agreement | Members who have submitted their replies to the Checklist of Issues (G/VAL/5) | Members who are delaying application of the Agreement under Article 20.1 or para. 1, Annex III of the Agreement |
|----------------------|--|--|---|---|
| Egypt | N/A | Not notified | Not notified | |
| El Salvador | N/A | Not notified | Not notified | |
| Estonia | N/A | G/VAL/N/1/EST/1 | G/VAL/N/2/EST/1 | |
| European Communities | | VAL/1/Add.2 + Suppl.1-13 + Suppl.1 G/VAL/N/1/EEC/1/Rev.1 | VAL/2/Rev.1/Add.6 | |
| Fiji | N/A | G/VAL/N/1/FJI/1 | G/VAL/N/2/FJI/1 | |
| Gabon | N/A | G/VAL/N/1/GAB/1 | Not notified | |
| Gambia | N/A | Not notified | Not notified | |
| Georgia | N/A | Not notified | Not notified | |
| Ghana | N/A | Not notified | Not notified | |
| Grenada | N/A | Not notified | Not notified | |
| Guatemala | N/A | | | G/VAL/33 |
| Guinea Bissau | N/A | Not notified | Not notified | |
| Guinea, Rep. of | N/A | Not notified | Not notified | |
| Guyana | N/A | Not notified | Not notified | |
| Haiti | N/A | | | G/C/W/256 and Rev.1 ³ |
| Honduras | N/A | Not notified | Not notified | |
| Hong Kong, China | G/VAL/N/1/HKG/1 | VAL/1/Add.9 | N/A | |
| Hungary | G/VAL/N/1/HUN/1 | VAL/1/Add.6 | VAL/2/Rev.1/Add.4 | |
| Iceland | N/A | G/VAL/N/1/ISL/1 | G/VAL/N/2/ISL/1 | |
| India | | VAL/1/Add.24 + Suppl.1 G/VAL/N/1/IND/2 | VAL/2/Rev.2/Add.6 | |
| Indonesia | N/A | G/VAL/N/1/IDN/1 | Not notified | |
| Israel | N/A | G/VAL/N/1/ISR/1 + Corr.1 | Not notified | |
| Jamaica | N/A | G/VAL/N/1/JAM/1 | G/VAL/N/2/JAM/1 | |
| Japan | G/VAL/N/1/JPN/1 | VAL/1/Add.7 | VAL/2/Rev.1/Add.8 G/VAL/N/2/JPN/1 | |
| Jordan | N/A | G/VAL/N/1/JOR/1 | G/VAL/N/2/JOR/1 | |
| Kenya | N/A | Not notified | Not notified | |
| Korea | G/VAL/N/1/KOR/1 | VAL/1/Add.19 + Suppl. 1-4 + Suppl.3/Corr.1 G/VAL/N/1/KOR/2 | VAL/2/Rev.2/Add.1 + Suppl.1 | |
| Kuwait | N/A | Not notified | Not notified | |
| Kyrgyz Republic | N/A | G/VAL/N/1/KGZ/1 | G/VAL/N/2/KGZ/1 | |
| Latvia | N/A | G/VAL/N/1/LVA/1 | G/VAL/N/2/LVA/1 | |
| Lesotho | Not notified | VAL/1/Add.21 + Suppl.1 | VAL/2/Rev.2/Add.2 | |
| Liechtenstein | N/A | G/VAL/N/1/LIE/1 | Not applicable | |
| Lithuania | N/A | Not notified | Not notified | |
| Macau, China | N/A | G/VAL/N/1/MAC/1 | N/A | |
| Madagascar | N/A | G/VAL/N/1/MDG/1 | Not notified | |
| Malawi | G/VAL/N/1/MWI/1 | VAL/1/Add.27 | Not notified | |
| Malaysia | N/A | G/VAL/N/1/MYS/1 | G/VAL/N/2/MYS/1 | |
| Maldives | N/A | | | G/VAL/35 |
| Mali | N/A | Not notified | Not notified | |
| Malta | N/A | G/VAL/N/1/MLT/1 | G/VAL/N/2/MLT/1 | |
| Mauritania | N/A | | | G/VAL/29 |
| Mauritius | N/A | G/VAL/N/1/MUS/1 | G/VAL/N/2/MUS/1 | |
| Mexico | Not notified | VAL/1/Add.25 + Suppl. 1-3 + Suppl.1/Rev.1 | VAL/2/Rev.1/Add.10 VAL/2/Rev.2/Add.8 | |
| Moldova | N/A | Not notified | Not notified | |

³ Request pending in the Council for Trade in Goods under Article IX of the WTO Agreement.

| Members | Members who have indicated their legislation remains valid under the WTO Committee (G/VAL/M/1) | Members who have submitted their legislation or amendments under Articles 22.1 and 22.2 of the Agreement | Members who have submitted their replies to the Checklist of Issues (G/VAL/5) | Members who are delaying application of the Agreement under Article 20.1 or para. 1, Annex III of the Agreement |
|--------------------------|--|--|---|---|
| Mongolia | N/A | Not notified | Not notified | |
| Morocco | N/A | G/VAL/N/1/MAR/1 G/VAL/N/1/MAR/1/Rev.1 + Corr.1 | G/VAL/N/2/MAR/1 G/VAL/N/2/MAR/2 | |
| Mozambique | N/A | Not notified | Not notified | |
| Myanmar | N/A | | | G/VAL/28 |
| Namibia | N/A | G/VAL/N/1/NAM/1 | Not notified | |
| New Zealand | G/VAL/N/1/NZL/1 | VAL/1/Add.12 + Suppl.1 | VAL/2/Rev.1/Add.10 | |
| Nicaragua | N/A | Not notified | Not notified | |
| Niger | N/A | | | WT/Let/301 |
| Nigeria | N/A | Not notified | Not notified | |
| Norway | G/VAL/N/1/NOR/1 | VAL/1/Add.11 + Corr.1 + Suppl. 1-2 | VAL/2/Rev.1/Add.7 | |
| Oman | N/A | G/VAL/N/1/OMN/1 | G/VAL/N/2/OMN/1 | |
| Pakistan | N/A | G/VAL/N/1/PAK/1 | Not notified | |
| Panama | N/A | G/VAL/N/1/PAN/1 | G/VAL/N/2/PAN/1 | |
| Papua New Guinea | N/A | Not notified | Not notified | |
| Paraguay | N/A | Not notified | Not notified | |
| Peru | N/A | Not notified | Not notified | |
| Philippines | N/A | G/VAL/N/1/PHL/1 | Not notified | |
| Poland | N/A | VAL/1/Add.28 G/VAL/N/1/POL/1 and 2 | G/VAL/N/2/POL/1 | |
| Qatar | N/A | Not notified | Not notified | |
| Romania | N/A | VAL/1/Add.8 + Suppl. 1-2 G/VAL/N/1/ROM/1 and 2 | VAL/2/Rev.1/Add.9 | |
| Rwanda | N/A | | | G/VAL/W/84 ² |
| St. Kitts & Nevis | N/A | Not notified | Not notified | |
| St. Lucia | N/A | Not notified | Not notified | |
| St. Vincent & Grenadines | N/A | Not notified | Not notified | |
| Senegal | N/A | G/VAL/N/1/SEN/1 | Not notified | |
| Sierra Leone | N/A | Not notified | Not notified | |
| Singapore | N/A | G/VAL/N/1/SGP/1 | G/VAL/N/2/SGP/1 | |
| Slovak Republic | G/VAL/N/1/SVK/1 | VAL/1/Add.18 + Suppl.1/Corr.1-2 | VAL/2/Rev.1/Add.15 + Suppl.1 | |
| Slovenia | N/A | G/VAL/N/1/SVN/1 and 2 | G/VAL/N/2/SVN/1 | |
| Solomon Islands | N/A | Not notified | Not notified | |
| South Africa | | VAL/1/Add.15 + Corr.1 + Suppl. 1-3 G/VAL/N/1/ZAF | VAL/2/Rev.1/Add.13 | |
| Sri Lanka | N/A | | | G/VAL/41 |
| Suriname | N/A | G/VAL/N/1/SUR/1 | Not notified | |
| Swaziland | N/A | Not notified | G/VAL/N/2/SWZ/1 | |
| Switzerland | G/VAL/N/1/CHE/1 | VAL/1/Add.5 | N/A | |
| Tanzania | N/A | Not notified | Not notified | |
| Thailand | N/A | Not notified | Not notified | |
| Togo | N/A | Not notified | Not notified | |
| Trinidad & Tobago | N/A | G/VAL/N/1/TTO/1 | G/VAL/N/2/TTO/1 | |
| Tunisia | N/A | Not notified | Not notified | |
| Turkey | G/VAL/N/1/TUR/1 | VAL/1/Add.29 G/VAL/N/1/TUR/1 and 2 | G/VAL/N/2/TUR/1 | |

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|-----------------------------------|--|--|---|---|
| Uganda | N/A | Not notified | Not notified | |
| United Arab Emirates | N/A | | | G/VAL/W/83 ² |
| United States | G/VAL/N/1/USA/1 | VAL/1/Add.1 + Suppl.1-5 | VAL/2/Rev.1/Add.1 | |
| Uruguay | N/A | G/VAL/N/1/URY/1 | G/VAL/N/2/URY/1 | |
| Venezuela, The Bolivarian Rep. of | N/A | Not notified | Not notified | |
| Zambia | N/A | G/VAL/N/1/ZMB/1 | Not notified | |
| Zimbabwe | G/VAL/N/1/ZWE/1 | VAL/1/Add.23 | VAL/2/Rev.2/Add.5 | |
| TOTAL NOTIFIED | 14 | 45 ⁴ | 40 | 13 |

⁴ This number excludes those that notified under the Decision in the first column.