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REPORT (2014) OF THE COMMITTEE ON CUSTOMS VALUATION TO THE COUNCIL FOR TRADE IN GOODS¹

A. 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 2014 and addresses the work undertaken by the Committee on Customs Valuation (the Committee) in respect of the objectives of the Agreement. These 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.
2. During the period under consideration, the Committee held three formal meetings: on 12 May 2014 (G/VAL/M/57) under the Chairmanship of Mr. Pierre Emmanuel Brusselmans (Belgium); on 27 June 2014, which was suspended and reconvened on 23 July 2014 (G/VAL/M/58); and on 24 October 2014 (G/VAL/M/59). The latter two meetings were under the Chairmanship of Mrs. Joanna Cheung (Hong Kong, China), who was elected by the Committee at its 12 May meeting.
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 document G/L/146.

B. Implementation of the Agreement

5. During the period under review, no developing country Member maintained delayed application of the provisions of the Agreement in accordance with the provisions of Article 20.1 of the Agreement. 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. As a result of its Accession to the WTO, Yemen will start fully implementing the Agreement by 31 December 2016.²
6. To date, 91 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, 61 Members have provided responses to the check list of issues. There are 41 Members which have not yet made any of these two notifications (see document G/VAL/W/232/Rev.2).

¹ This report was adopted by the Committee on Customs Valuation at its meeting of 24 October 2014.

² See paragraphs 108-115 of the Report of the Working Party on the Accession of Yemen to the WTO, WT/ACC/YEM/42.

C. Activities of the committee

7. At the meeting of 12 May 2014, the Committee:

- took note of a report by a representative of the World Customs Organization on the activities of the Technical Committee on Customs Valuation at its 38th session, which was held on 5-9 May 2014;
- agreed to continue its review of the national legislations of the Kingdom of Bahrain; Belize; Cabo Verde; Costa Rica; Ecuador; Mali; Nicaragua; Nigeria; Russian Federation; Rwanda; Saint Vincent and the Grenadines; Tunisia; Uruguay; and Ukraine. It examined for the first time new notifications by Chile; Costa Rica; The Gambia; Lesotho; Mali; Moldova; and the Russian Federation. In addition, the Committee concluded the review of the national legislation of China; Japan; Lao's People Democratic Republic; and Macao, China;
- took note of the summary information prepared by the Secretariat contained in document G/VAL/W/5/Rev.23, which relates 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 well as new notifications submitted by Chile (G/VAL/N/3/CHL/1 and G/VAL/N/3/CHL/2);
- considered a proposal by Uruguay (G/VAL/W/241/Rev.1) to update the Decision on the Valuation of Carrier Media Bearing Software for Data Processing Equipment;
- took note of technical assistance activities carried out by both the WCO and WTO Secretariats;
- discussed the alleged used by Armenia of a reference price system in connection with the valuation of goods and agreed to revert back to the issue at the next meeting;
- agreed to retain in the agenda the implementation issue relating to Paragraph 12 of the Doha Ministerial Declaration, which relates to Customs Cooperation;
- took note of a Secretariat's document updating the status of notifications on preshipment inspection that circulated in document G/PSI/N/1/Rev.1/Add.4, as well as of an updated report by the International Federation of Inspection Agencies (IFIA) as circulated in document G/VAL/W/63/Rev.16;
- looked again at questions raised by the United States on Indonesia's preshipment inspection programme;
- agreed to conduct the third review of the PSI Agreement at the October meeting, on the basis of Members' written submissions;
- agreed there was a lack of concordance in the three official versions of Article 8.1(b)(iv) of the Agreement, and agreed to request the Director General to follow a "procès verbal de rectification" procedure in order to rectify the Spanish version on the basis of Uruguay's proposal (G/VAL/W/240). It also agreed, on an *ad referendum* basis with one month for objections, to rectify the English version in the same terms;
- agreed to exceptionally hold a formal meeting in June to discuss a proposal by Australia; Canada; the European Union; Chinese Taipei; and the United States to hold an informal workshop on the use of customs valuation databases to set reference prices; and
- elected Ms Joanna Cheung (Hong Kong, China) as its Chairperson for the year 2014.

8. At the meeting of 27 June 2014, which was reconvened on 23 July 2014, the Committee:

- discussed a revised proposal to hold an informal workshop on the use of customs valuation databases (G/VAL/W/231/Rev.1), but Members were not able to reach an agreement on the proposed terms of reference, and agreed to suspend discussions under this agenda item. At the reconvened meeting of 23 July, it agreed on the terms of reference of the informal workshop on the use of customs valuation databases (G/VAL/72), and to hold it on 24 October 2014;
- took note that no objections had been received within the one-month deadline to the *ad referendum* decision to rectify the English version of Article 8.1(b)(iv) of the Agreement in line with the Uruguayan proposal. It also took note that the Chairperson would submit a letter to the Director General requesting him to follow a "procès verbal de rectification" procedure to rectify the Spanish and English versions of this provision.

9. At the meeting on 24 October 2014, the Committee:

- took note of a report by Ms Yuliya A. Gulis, Chairperson of the Technical Committee on Customs Valuation (TCCV), on the activities of its 39th session, which was held on 20-23 October 2014;

- agreed to continue its review of the national legislations of the Kingdom of Bahrain; Belize; Cabo Verde; Colombia; Ecuador; The Gambia; Lesotho; Mali; Moldova; Nicaragua; Nigeria; Russian Federation; Rwanda; St. Vincent and the Grenadines; Uruguay; and Ukraine. It examined for the first time new notifications by Colombia and the Russian Federation. In addition, the Committee concluded the review of the national legislation of Chile; Costa Rica; and Tunisia;
 - took note of the summary information prepared by the Secretariat contained in document G/VAL/W/5/Rev.24, which relates 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 well as a new notification submitted by Colombia (G/VAL/N/3/COL/1);
 - agreed to continue the discussion of a proposal by Uruguay (G/VAL/W/241/Rev.1) to update the Decision on the Valuation of Carrier Media Bearing Software for Data Processing Equipment, and took note of statistics that had been prepared by the Secretariat (G/VAL/W/249);
 - took note of technical assistance activities carried out by both the WCO and WTO Secretariats;
 - discussed the alleged use by Armenia of a reference price system in connection with the valuation of goods and agreed to revert back to the issue at the next meeting;
 - agreed to retain in the agenda the implementation issue relating to Paragraph 12 of the Doha Ministerial Declaration, which relates to Customs Cooperation;
 - took note of a Secretariat's document updating the status of notifications on preshipment inspection that circulated in document G/PSI/N/1/Rev.2;
 - looked again at questions raised by the United States on Indonesia's preshipment inspection programme and agreed to revert to the issue at the next meeting;
 - undertook the third triennial review pursuant to Article 6 of PSI Agreement, and took note of the draft factual report prepared by the Secretariat in G/VAL/W/253;
 - adopted the draft Annual Review of the Implementation and Operation of the Customs Valuation Agreement (G/VAL/W/251 and G/VAL/W/251/Corr.1 (in English only)), and requested the Secretariat to update it to take account of the 24 October meeting; and
 - adopted the draft Annual Report to the Council for Trade in Goods (G/VAL/W/252), and requested the Secretariat to update it to take account of the 24 October meeting.
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