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**REPORT (2015) OF THE COMMITTEE ON CUSTOMS VALUATION
TO THE COUNCIL FOR TRADE IN GOODS**

NOTE BY THE SECRETARIAT¹

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 2015 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 two formal meetings: on 21 May 2015 (G/VAL/M/60) under the Chairmanship of Ms Joanna Cheung (Hong Kong, China) and on 7 October 2015 (G/VAL/M/61, (to be issued)) under the Chairmanship of Mr. LIU Ping (China) who was elected by the Committee at its 21 May meeting. Ms Joanna Cheung was elected Vice-Chairperson at the 7 October 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, 96 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, 64 Members have provided

¹ This document has been prepared under the Secretariat's own responsibility and is without prejudice to the positions of Members or to their rights and obligations under the WTO.

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

responses to the check list of issues. There are 37 Members which have not yet made any of these two notifications (see document G/VAL/W/232/Rev.3).

C. Activities of the Committee

7. At the meeting of 21 May 2015, 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 40th session, which was held from 4-8 May 2015;
- agreed to continue its review of the national legislations of the Kingdom of Bahrain; Belize; Cabo Verde; Colombia; Ecuador; Gambia; Guinea; Honduras; Mali; Moldova; Montenegro; Nicaragua; Nigeria; Russian Federation; Rwanda; St. Vincent and the Grenadines; South Africa; and Sri Lanka. It examined for the first time new notifications from Guinea; Honduras; Montenegro; South Africa; and, Sri Lanka. In addition, the Committee concluded the review of the national legislations of Lesotho; Ukraine; and, Uruguay;
- 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, as well as a related proposal by Switzerland (G/VAL/W/254). The Committee agreed to continue consultations on the proposals by Uruguay and Switzerland. The Committee took note of a report by the Chair on consultations held on 29 April 2015, and it also took note of Uruguay's responses to a series of questions asked by the European Union (G/VAL/W/264);
- 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 on the agenda the implementation issue relating to Paragraph 12 of the Doha Ministerial Declaration, which relates to Customs Cooperation;
- took note of a Secretariat document updating the status of notifications on preshipment inspection that circulated in document G/PSI/N/1/Rev.2/Add.1, as well as of an updated report by the International Federation of Inspection Agencies (IFIA) as circulated in document G/VAL/W/63/Rev.17;
- looked again at questions raised by the United States on Indonesia's preshipment inspection programme;
- elected Mr. LIU Ping (China) as its Chairperson for the year 2015.

8. At the meeting of 7 October 2015, the Committee:

- agreed to continue its review of the national legislations of the Kingdom of Bahrain; Belize; Cabo Verde; Colombia; Ecuador; Gambia; Guinea; Honduras; Mali; Moldova; Montenegro; Nicaragua; Nigeria; Russian Federation; Rwanda; South Africa; and, Sri Lanka. It examined for the first time the national legislation of Nepal. In addition, the Committee concluded the review of the national legislation of St. Vincent and the Grenadines;
- took note of the summary information prepared by the Secretariat contained in document G/VAL/W/5/Rev.25, which 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";
- discussed the 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, as well as the related proposal by Switzerland (G/VAL/W/254). The Committee agreed to revert to the issue at its next meeting;

- took note of technical assistance activities carried out by both the WCO and WTO Secretariats;
 - took note of a statement made by the United States calling for a discussion on how the Committee could develop a dynamic technical assistance programme on the Customs Valuation Agreement in light of the existing synergy and overlap between that Agreement and the Trade Facilitation Agreement;
 - discussed the alleged used by Armenia of a reference price system in connection with the valuation of goods and agreed to revert to the issue at the next meeting;
 - agreed to revert to the implementation issue relating to Paragraph 12 of the Doha Ministerial Declaration at the next meeting;
 - took note of a Secretariat document updating the status of notifications on preshipment inspection that circulated in document G/PSI/N/1/Rev.2/Add.2;
 - looked again at questions raised by the United States on Indonesia's preshipment inspection programme;
 - adopted the draft Annual Review of the Implementation and Operation of the Customs Valuation Agreement (G/VAL/W/274), and requested the Secretariat to update it to take account of the 7 October meeting;
 - adopted the draft Annual Report to the Council for Trade in Goods (G/VAL/W/275), and requested the Secretariat to update it to take account of the 7 October meeting; and,
 - took note of a comment by the United States on the need for follow-up to the Informal Workshop on the Use of Customs Valuation Databases held by the Committee in 2014.
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