



REPORT (2019) 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 20 November 2018 to 25 October 2019 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.

1.2. During the period under review, the Committee held two formal meetings: on 23 May 2019 (G/VAL/M/68) chaired by Mr Yuichiro OKUMURA (Japan); and on 25 October 2019 (G/VAL/M/69)¹, chaired by Mr. Winega BAMANA (Togo) who was elected by the Committee on 7 June 2019.

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 these 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, 102 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, 73 Members have provided responses to the checklist of issues (see documents G/VAL/W/232/Rev.10 and G/VAL/W/232/Rev.11).

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

- took note of notification of national legislation from Burundi (G/VAL/N/1/BDI/1); Myanmar (G/VAL/N/1/MMR/1); Niger (G/VAL/N/1/NER/1); and Togo (G/VAL/N/1/TGO/1) and initiated reviews;
- took note of notifications of amendments to national legislation from Dominican Republic (G/VAL/N/1/DOM/2); India (G/VAL/N/1/IND/4); the Kyrgyz Republic (G/VAL/N/1/KGZ/2) and the Russian Federation (G/VAL/N/1/RUS/4, G/VAL/N/1/RUS/4/Add.1, and G/VAL/N/1/RUS/5) and initiated reviews;
- took note of notifications by Myanmar (G/VAL/N/2/MMR/1) and The Gambia (G/VAL/N/2/GMB/1) of their Checklist of Issues. India notified an amended Checklist of Issues (G/VAL/N/2/IND/2);
- continued its ongoing review of national legislations notified by the following Members: Kingdom of Bahrain; Belize; The Gambia; Guinea; Honduras; Kazakhstan; Malawi; Nepal; Nigeria; the Russian Federation; Rwanda; Solomon Islands and Sri Lanka];
- took note of documents G/VAL/W/232/Rev.10 and G/VAL/W/232/Rev.11 which were issued by the Secretariat during the period under review and which summarized the latest 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.31;
- took note of notifications from the Kingdom of Bahrain (G/VAL/N/3/BHR/1); Cambodia (G/VAL/N/3/KHM/1); India (G/VAL/N/3/IND/1 and G/VAL/N/3/IND/2); and Montenegro (G/VAL/N/3/MNE/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

- took note of the technical assistance carried out by the WTO and the information compiled by the Technical Committee on Customs Valuation concerning technical assistance activities carried out by the WCO and its Members, as contained in documents G/VAL/8/Add.38 and G/VAL/8/Add.39; and
- held a workshop entitled "Experience-Sharing Workshop on Implementation of the Customs Valuation Agreement and Ensuring that the Trade Facilitation Agreement supports implementation of the CVA including Technical Assistance and Capacity Building". The objective of the workshop was to have an exchange among Members of their administrations' experiences in implementing the Customs Valuation Agreement, with a view to supporting least developed country Members to address their challenges and to consider how the Trade Facilitation Agreement could support implementation of the Customs Valuation Agreement;

(d) Specific Trade concerns

- at the meetings of 23 May and 25 October, took note of the statements made on "Pakistan's determination of customs values of paper", raised by Thailand;

- at the meeting of 23 May took note of the statements made on "Tajikistan – issues related to customs valuation", raised by Ukraine;

(e) Preshipment Inspection Agreement

- took note of the report consolidating the status of all the notifications which had been received on preshipment inspection G/PSI/N/1/Rev.4). Angola; Brazil; Egypt; and Saint Lucia submitted notifications under PSI;
- took note, at the meetings of 23 May and 25 October, 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 May and 25 October, of the latest report by the International Federation of Inspection Agencies (IFIA) concerning countries that use preshipment inspection services which were circulated in document and G/VAL/W/63/Rev.24;
- took note that the fifth annual review of the PSI Agreement would take place in 2020;

(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 48th session (13 to 17 May 2019), as well as related activities of the WCO Secretariat. The 49th Session of the Technical Committee on Customs Valuation will take place from 4 to 8 November 2019;

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

- At the meeting of 25 October, the Committee:
 - adopted the Annual Review of the Implementation and Operation of the Customs Valuation Agreement (G/VAL/W/346), and requested the Secretariat to update it to take account of the 25 October meeting; and
 - adopted the Annual Report to the Council for Trade in Goods (G/VAL/W/345) and requested the Secretariat to update it to take account of the 25 October meeting.
-