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REPORT (2020) 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 2019 to 19 October 2020 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 one informal meeting on 4 June 2020 to discuss continuation of the work of the Committee during the short to medium term period in light of the COVID-19 pandemic. The Committee agreed to postpone the meeting scheduled for 9 July 2020 until the Autumn of 2020 and to continue its work through written procedures until then. The Committee thus held one formal meeting on 19 October 2020 (G/VAL/M/70)¹, chaired by Mr Carlos GUEVARA (Ecuador) who was elected on 27 July 2020.

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, 104 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, 72 Members have provided responses to the Checklist of Issues regarding their legislation. See document G/VAL/W/232/Rev.12.

¹ To be issued.

3. ACTIVITIES OF THE COMMITTEE

3.1. The Committee carried out the following activities at its meeting of 19 October:

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

- took note of notifications of national customs legislation submitted by Tonga (G/VAL/N/1/TON/1) and Vanuatu (G/VAL/N/1/VUT/1) and initiated reviews;
- took note of amendments to customs legislation submitted by the European Union (G/VAL/N/1/EU/1) and the Solomon Islands (G/VAL/N/1/SLB/Add.1);
- took note of a notification of the Checklist of Issues from the Dominican Republic (G/VAL/N/2/DOM/1);
- concluded the review of the national customs legislations notified by the Kingdom of Bahrain; China, and Myanmar;
- continued its ongoing review of national customs legislations notified by the following Members: Belize; Burundi; Dominican Republic; The Gambia; Guinea; Honduras; India; Kazakhstan; Kyrgyz Republic; Malawi; Nepal; Niger; Nigeria; Russian Federation; Rwanda; Solomon Islands; Sri Lanka and Togo;
- took note of document G/VAL/W/232/Rev.12 which was 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 document G/VAL/W/5/Rev.32;
- took note of the notification submitted by Myanmar (G/VAL/N/3/MMR/1);

(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 Secretariat, as contained in document G/VAL/8/Add.40;

(d) Specific Trade Concerns

- took note of the statements made on "Pakistan's determination of customs values of paper", raised by Thailand;

(e) Preshipment Inspection Agreement

- took note of the information on the notifications which had been received on preshipment inspection (reflected in documents in the G/PSI/N/1/Rev.4 series), and new notifications submitted by China (G/VAL/N/4/Add.1), Egypt (G/VAL/N/4/Add.4), Seychelles (G/VAL/N/4/Add.3) and Tonga (G/VAL/N/4/Add.2);
- took note of statements made under the agenda item of questions and responses regarding notifications submitted by Indonesia, Egypt, China and Saint Lucia;
- agreed to launch the fifth triennial review of the PSI Agreement (background information contained in G/VAL/W/363) and agreed to a date of 30 March 2021 for Members to provide any statements in the context of this review;
- took note of the latest report by the Testing, Inspection and Certification (TIC) Council (formerly the International Federation of Inspection Agencies (G/VAL/W/363, Annex I)) concerning countries that use preshipment inspection services which was circulated in document G/VAL/W/63/Rev.25;

(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 (TCCV), including its 49th and 50th/51st sessions (4 to 8 November 2019 and 12 to 14 October 2020, respectively), as well as related activities of the WCO Secretariat, including its commemoration of its 50th session at its October 2020 meeting;

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

- adopted the Annual Review of the Implementation and Operation of the Customs Valuation Agreement and requested the Secretariat to update it to take account of the 19 October meeting (G/VAL/77);
 - adopted the Annual Report to the Council for Trade in Goods and requested the Secretariat to update it to take account of the 19 October meeting.
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