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Page: 1/3

REPORT (2016) OF THE COMMITTEE ON CUSTOMS VALUATION TO THE COUNCIL FOR TRADE IN GOODS

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 2016 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 25 April 2016 (G/VAL/M/62) under the Vice-Chairmanship of Ms. Joanna Cheung (Hong Kong, China), and on 31 October 2016 (G/VAL/M/63, (to be issued)) under the Chairmanship of Dr Yasser Korani (Egypt) who was elected by the Committee in July 2016.
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 2016.¹

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, 65 Members have provided responses to the check list of issues. There are 35 Members which have not yet made any of these two notifications (see document G/VAL/W/232/Rev.5).

C. Activities of the Committee

7. At the meeting of 25 April 2016, the Committee:

¹ See paragraphs 108-115 of the Report of the Working Party on the Accession of Yemen to the WTO, WT/ACC/YEM/42.

- 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 42nd session, which was held from 18 to 22 April 2016;
- agreed to continue its review of the national legislations of the Kingdom of Bahrain; Belize; Cabo Verde; Colombia; Ecuador; Gambia; Guinea; Honduras; Montenegro; Nepal; Nicaragua; Nigeria; Russian Federation; Rwanda; Sri Lanka; and Ukraine. In addition, the Committee concluded the review of the national legislation of Mali, Moldova and South Africa;
- took note of the summary information prepared by the Secretariat contained in documents G/VAL/W/5/Rev.25 and G/VAL/W/5/Rev.25/Corr.1, 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";
- discussed 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) and agreed to revert back to the issue at the next meeting;
- 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;
- discussed the Ukraine Resolution No. 724, which referred to the use of benchmarks for customs valuation of goods in the system of risk management 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 was circulated in document G/PSI/N/1/Rev.2/Add.2, as well as of an updated report by the International Federation of Inspection Agencies (IFIA) as circulated in documents G/VAL/W/63/Rev.18 and G/VAL/W/63/Rev.18/Corr.1;
- looked again at questions raised by the United States on Indonesia's preshipment inspection programme.

8. At the meeting of 31 October 2016, the Committee:

- concluded the review of the national legislations of Ecuador and Ukraine, and agreed to continue its review of the national legislations of the Kingdom of Bahrain; Belize; Cabo Verde; Colombia; The Gambia; Guinea; Honduras; Montenegro; Nepal; Nicaragua; Nigeria; Russian Federation; Rwanda, and Sri Lanka, as well as the Solomon Islands, which it examined for the first time at this meeting. The Committee took note of the notification by Kazakhstan of its response to the Checklist of Issues (G/VAL/N/2/KAZ/1);
- took note of the summary information prepared by the Secretariat contained in document G/VAL/W/5/Rev.26, 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";
- discussed 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 proposal by Switzerland (G/VAL/W/254);
- 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;

- took note of the statements made under the agenda item "Abolition of the Resolution of the Cabinet of Ministers of Ukraine "On the Use of Benchmarks for Customs Valuation of Goods in the System of Risk Management" No. 724 dated 16 September 2015", included at the request of Ukraine;
 - took note of the statements made under the agenda item "Pakistan's Determination of Customs Values of Paper", included at the request of Thailand;
 - 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 was circulated in document G/PSI/N/1/Rev.2/Add.3, as well as an updated report by the International Federation of Inspection Agencies (IFIA) as circulated in document G/VAL/W/63/Rev.19;
 - 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/293), and requested the Secretariat to update it to take account of the 31 October meeting; and
 - adopted the draft Annual Report to the Council for Trade in Goods (G/VAL/W/292), and requested the Secretariat to update it to take account of the 31 October meeting.
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