

## REPORT 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 1999. It addresses the work undertaken by the Committee on Customs Valuation (the Committee) in respect of the objectives of the Agreement, which 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 of 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 has held two formal meetings, on 26 April 1999 (G/VAL/M/10), under the Chairmanship of Mr. Mohammed Bentaja (Morocco), and on 4 October 1999 (G/VAL/M/11). At the April meeting, the Committee elected Mr. Edward Brown (United Kingdom) as Chairperson and Mr. Syed Habib Ahmed (Pakistan) as Vice-Chairperson for 1999.

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 G/L/146.

### IMPLEMENTATION OF THE AGREEMENT

5. In conformity with Article 20.1 of the Agreement, 55 developing country Members have invoked delayed application of the provisions of the Agreement. Understanding has been reached in the Committee that the texts of the national legislation of these developing country Members will be supplied to the Committee before the developing country Members begin applying the provisions of the Agreement (G/VAL/5, para. B.2(ii)).

6. To date 14 Members have submitted communications indicating that their legislation notified under the Tokyo Round Customs Valuation Agreement remained valid under the WTO Customs Valuation Agreement; in addition 23 Members have notified either their complete national legislation on customs valuation or amendments thereto; 27 Members have not yet made any notification (See Annex).

## 7. At the meeting in April 1999:

- the Committee examined the national legislations of Brazil, Israel, Latvia, Morocco, Panama, Poland, Suriname and Trinidad and Tobago, and the responses provided by Iceland, Latvia, Morocco and Trinidad and Tobago to the checklist of issues. The Committee concluded its examination of the legislations of Latvia, Poland, Suriname and Trinidad and Tobago, and of the responses to the checklist of issues submitted by Iceland, Latvia and Trinidad and Tobago.
- the Committee took note of the information in document G/VAL/2/Rev.8 which contains a list of Members having invoked the special and differential provisions of the Customs Valuation Agreement. Under this agenda item, the Committee also considered Peru's request (G/VAL/W/31) for an extension of the delay period for an additional two years. The Committee agreed that consultations should be held between Peru and interested delegations to reach a solution<sup>1</sup>.
- the Committee took note of the information on technical assistance by the WCO (G/VAL/8/Add.5). Additionally, an update was provided by the WTO Secretariat on its Technical Assistance Programme. Canada and the United States also provided information on technical assistance programmes in the area of customs valuation conducted by their respective administrations. This information was circulated subsequently in documents G/VAL/W/36 and 37. India, though a developing country, also provided information on its technical assistance activities besides raising some issues that technical assistance should generally address. The Committee was informed that following the agreement reached by the Committee at its informal meeting on 12 February 1999 on a proposal by Canada (made at the 13 November 1998 meeting), a letter from the Deputy-Director General had been sent to international organizations working in the area of customs matters (the African Development Bank, Asian Development Bank, European Bank for Construction and Development, Inter-American Development Bank, International Monetary Fund, UNCTAD, World Bank and the World Customs Organization) to draw their attention to the Committee's activities with respect to technical assistance and, in particular to encourage them to take into account in their activities the needs expressed by developing country Members.
- the Committee continued its discussion on paragraph I(b)(iii) of the "Fourth Annual Review of the Implementation and Operation of the Customs Valuation Agreement" (G/VAL/W/29), which had been adopted on an *ad referendum* basis by the Committee at its meeting of 13 November 1998, but no conclusion was reached at this meeting on this document.
- in its communication circulated in G/VAL/W/33, Korea expressed concern and cited cases relating to the lack of uniformity in the interpretation and application of the Agreement by major trading partners.
- the United States expressed concern about the use of minimum prices and the inappropriate use by customs administrations of price databases.
- India raised questions in which it referred to certain aspects of the EC's valuation policy, and a matter concerning section 6 of the minutes of the Committee meeting held on 13 November 1998 (G/VAL/M/9).
- the Committee took note of the report on the work of the Eighth (29 March – 1 April 1999) Session of the Technical Committee of the WCO.

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<sup>1</sup> This matter was resolved by a Decision of the General Council (WT/L/307) which granted Peru an extension of one year under the terms and conditions as contained in the Decision.

8. At the meeting in October 1999, the Committee adopted the present report and agreed to forward it to the Council for Trade in Goods.

C. TRADE FACILITATION

9. In accordance with the request made by the Council for Trade in Goods (CTG), on 1 April 1999 the Committee sent to that body, through the Chairman, the results of its discussions held on 13 November 1998 (formal meeting), 12 February and 22 March 1999 (informal meetings) on the subject of trade facilitation and the Customs Valuation Agreement (G/C/W/149). In this connection, to assist the Committee in its consideration of the linkages between trade facilitation and the Customs Valuation Agreement, a background note was prepared by the Secretariat (G/VAL/W/32).

## ANNEX<sup>2</sup>

### Notifications

Members	Members who have indicated their legislation remains valid under the WTO Committee (G/VAL/M/1)	Members who have submitted their legislation or amendments under Articles 22.1 and 22.2 of the Agreement	Members who have submitted their replies to the Checklist of Issues (G/VAL/5)	Members who are delaying application of the Agreement under Article 20.1 of the Agreement
Angola		Not notified	Not notified	
Antigua & Barbuda		Not notified	Not notified	
Argentina	G/VAL/N/1/ARG/1	VAL/1/Add.22 + Suppl. 1-4 + Suppl. 2/Rev.1	VAL/2/Rev.2/Add.4	
Australia	G/VAL/N/1/AUS/1	VAL/1/Add.14 + Suppl. 1-4	VAL/2/Rev.1/Add.12 + Suppl.1	
Bahrain				WT/Let/149
Bangladesh				WT/Let/1/Rev.1
Barbados		Not notified	Not notified	
Belize		Not notified	Not notified	
Benin				WT/Let/242
Bolivia				WT/Let/48
Botswana	Not notified	VAL/1/Add.16	Not notified	
Brazil		VAL/1/Add.20 + Suppl.1 G/VAL/N/1/BRA/2	VAL/2/Rev.2/Add.3	
Brunei Darussalam				WT/Let/36
Bulgaria		G/VAL/N/1/BLG/1	Not notified	
Burkina Faso				WT/Let/19
Burundi				WT/Let/24
Cameroon				WT/Let/41
Canada		VAL/1/Add.17 + Suppl.1-3 G/VAL/N/1/CAN/1 + 2	VAL/2/Rev.1/Add.14 G/VAL/N/2/CAN/1	
Central African Rep.				WT/Let/19
Chad				WT/Let/237
Chile				WT/Let/1/Rev.1
Colombia				WT/Let/1/Rev.2
Congo		Not notified	Not notified	
Costa Rica				WT/Let/1/Rev.2
Côte d'Ivoire				WT/Let/1/Rev.1 WT/Let/307
Cuba				WT/Let/19
Cyprus		VAL/1/Add.26 G/VAL/N/1/CYP/2	VAL/2/Rev.2/Add.7	
Czech Republic		VAL/1/Add.18 + Suppl.1/Corr.1 – 2 G/VAL/N/1/CZE/1 G/VAL/N/1/CZE/3	VAL/2/Rev.1/Add.15 + Suppl.1 G/VAL/N/1/CZE/2 G/VAL/N/2/CZE/1	
Dem Rep. of Congo		Not notified	Not notified	
Djibouti				WT/Let/108
Dominica		Not notified	Not notified	
Dominican Rep.				WT/Let/1/Rev.1
Ecuador				WT/Let/72
European Communities		VAL/1/Add.2 + Suppl.1-13 + Suppl.1 G/VAL/N/1/EEC/1/Rev.1	VAL/2/Rev.1/Add.6	

<sup>2</sup> Documents that begin with the code "VAL" are Tokyo Round documents. Where a Member has indicated that its legislation notified under the Tokyo Round Committee remains valid under the WTO Committee (second column), that Member is not counted in the total under the column listing Members who have submitted legislation under Article 22.1 and 22.2; that Member is counted under the second column.

Members	Members who have indicated their legislation remains valid under the WTO Committee (G/VAL/M/1)	Members who have submitted their legislation or amendments under Articles 22.1 and 22.2 of the Agreement	Members who have submitted their replies to the Checklist of Issues (G/VAL/5)	Members who are delaying application of the Agreement under Article 20.1 of the Agreement
Egypt				WT/Let/19
El Salvador				WT/Let/1/Rev.2
Fiji		G/VAL/N/1/FJI/1	G/VAL/N/2/FJI/1	
Gabon				WT/Let/1/Rev.1
Gambia		Not notified	Not notified	
Ghana				WT/Let/1/Rev.1
Grenada		Not notified	Not notified	
Guatemala				WT/Let/24
Guinea Bissau		Not notified	Not notified	
Guinea, Rep. of		Not notified	Not notified	
Guyana				WT/Let/226
Haiti				WT/Let/231
Honduras				WT/Let/1/Rev.1
Hong Kong, China	G/VAL/N/1/HKG/1	VAL/1/Add.9	Not applicable	
Hungary	G/VAL/N/1/HUN/1	VAL/1/Add.6	VAL/2/Rev.1/Add.4	
Iceland		G/VAL/N/1/ISL/1	G/VAL/N/2/ISL/1	
India		VAL/1/Add.24 + Suppl.1 G/VAL/N/1/IND/2	VAL/2/Rev.2/Add.6	
Indonesia				WT/Let/1/Rev.1
Israel		G/VAL/N/1/ISR/1 + Corr.1	Not notified	
Jamaica				WT/Let/1/Rev.2
Japan	G/VAL/N/1/JPN/1	VAL/1/Add.7	VAL/2/Rev.1/Add.8	
Kenya				WT/Let/1/Rev.1
Korea	G/VAL/N/1/KOR/1	VAL/1/Add.19 + Suppl. 1-4 + Suppl.3/Corr.1	VAL/2/Rev.2/Add.1 + Suppl.1	
Kuwait				WT/Let/72
Kyrgyz Republic		Not notified	Not notified	
Latvia		G/VAL/N/1/LVA/1	G/VAL/N/2/LVA/1	
Lesotho	Not notified	VAL/1/Add.21 + Suppl.1	VAL/2/Rev.2/Add.2	
Liechtenstein		G/VAL/N/1/LIE/1	Not applicable	
Macau		G/VAL/N/1/MAC/1	Not applicable	
Madagascar				WT/Let/85
Malawi	G/VAL/N/1/MWI/1	VAL/1/Add.27	Not notified	
Malaysia				WT/Let/1/Rev.1
Maldives				WT/Let/285
Mali				WT/Let/78 WT/Let/306
Malta				WT/Let/1/Rev.1
Mauritania				WT/Let/82
Mauritius				WT/Let/1/Rev.2
Mexico	Not notified	VAL/1/Add.25 + Suppl. 1-3 + Suppl.1/Rev.1	VAL/2/Rev.1/Add.10 VAL/2/Rev.2/Add.8	
Mongolia		Not notified	Not notified	
Morocco		G/VAL/N/1/MAR/1 G/VAL/N/1/MAR/1/Rev.1 + Corr.1	G/VAL/N/2/MAR/1 G/VAL/N/2/MAR/2	
Mozambique		Not notified	Not notified	
Myanmar				WT/Let/1/Rev.1
Namibia		G/VAL/N/1/NAM/1	Not notified	
New Zealand	G/VAL/N/1/NZL/1	VAL/1/Add.12 + Suppl.1	VAL/2/Rev.1/Add.10	
Nicaragua				WT/Let/29
Niger				WT/Let/301
Nigeria				WT/Let/106

Members	Members who have indicated their legislation remains valid under the WTO Committee (G/VAL/M/1)	Members who have submitted their legislation or amendments under Articles 22.1 and 22.2 of the Agreement	Members who have submitted their replies to the Checklist of Issues (G/VAL/5)	Members who are delaying application of the Agreement under Article 20.1 of the Agreement
Norway	G/VAL/N/1/NOR/1	VAL/1/Add.11 + Corr.1 + Suppl. 1-2	VAL/2/Rev.1/Add.7	
Pakistan				WT/Let/1/Rev.1
Panama		G/VAL/N/1/PAN/1	G/VAL/N/2/PAN/1	
Papua New Guinea		Not notified	Not notified	
Paraguay				WT/Let/1/Rev.1
Peru				Decision in WT/L/38, WT/L/307
Philippines				WT/Let/1/Rev.1
Poland		VAL/1/Add.28 G/VAL/N/1/POL/1	Not notified	
Qatar		Not notified	Not notified	
Romania		VAL/1/Add.8 + Suppl. 1-2 G/VAL/N/1/ROM/2	VAL/2/Rev.1/Add.9	
Rwanda		Not notified	Not notified	
St. Kitts & Nevis		Not notified	Not notified	
St. Lucia		Not notified	Not notified	
St. Vincent & Grenadines		Not notified	Not notified	
Senegal				WT/Let/1/Rev.1
Sierra Leone		Not notified	Not notified	
Singapore		G/VAL/N/1/SGP/1	G/VAL/N/2/SGP/1	
Slovak Republic	G/VAL/N/1/SVK/1	VAL/1/Add.18 + Suppl.1/Corr.1-2	VAL/2/Rev.1/Add.15 + Suppl.1	
Slovenia		G/VAL/N/1/SVN/1	G/VAL/N/2/SVN/1	
Solomon Islands		Not notified	Not notified	
South Africa		VAL/1/Add.15 + Corr.1 + Suppl. 1-3 G/VAL/N/1/ZAF	VAL/2/Rev.1/Add.13	
Sri Lanka				WT/Let/1/Rev.1
Suriname		G/VAL/N/1/SUR/1	Not notified	
Swaziland		Not notified	Not notified	
Switzerland	G/VAL/N/1/CHE/1	VAL/1/Add.5	Not applicable	
Tanzania		Not notified	Not notified	
Thailand				WT/Let/1/Rev.1
Togo				WT/Let/19
Trinidad & Tobago		G/VAL/N/1/TTO/1	G/VAL/N/2/TTO/1	
Tunisia				WT/Let/1/Rev.2
Turkey	G/VAL/N/1/TUR/1	VAL/1/Add.29	Not notified	
Uganda				WT/Let/108
United Arab Emirates				WT/Let/72
United States	G/VAL/N/1/USA/1	VAL/1/Add.1 + Suppl.1-5	VAL/2/Rev.1/Add.1	
Uruguay				WT/Let/1/Rev.1
Venezuela				WT/Let/1/Rev.1
Zambia				WT/Let/28
Zimbabwe	G/VAL/N/1/ZWE/1	VAL/1/Add.23	VAL/2/Rev.2/Add.5	
TOTAL NOTIFIED	14	23	28	55