



**REPORT (2017) 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 3 November 2016 to 25 October 2017 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 consideration, the Committee held two formal meetings: on 15 May 2017 (G/VAL/M/64) under the Chairpersonship of Dr Yasser Korani (Egypt), and on 6 November 2017 (G/VAL/M/65, (to be issued)) under the Chairpersonship of Ms Luciana Nader (Uruguay) who was elected by the Committee at the meeting of 15 May 2017.

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, 98 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, 66 Members have provided responses to the checklist of issues. There are 36 Members which have not yet made either of these two notifications (see documents G/VAL/W/232/Rev.7 and G/VAL/W/232/Rev.7/Corr.1).

### 3. ACTIVITIES OF THE COMMITTEE

3.1. The Committee carried out the following activities during the period under review:

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

- continued its review of national legislations notified by Members. The Committee concluded the reviews of the national legislations of Cabo Verde, Colombia, Ecuador, Montenegro and Nicaragua at the meeting of 15 May. The legislations of the following 13 Members remain under review: the Kingdom of Bahrain; Belize; Guinea; Honduras; Kazakhstan; Malawi; Nepal; Nigeria; the Russian Federation; Rwanda; the Solomon Islands; Sri Lanka; and The Gambia;
- took note of documents G/VAL/W/232/Rev.6; G/VAL/W/232/Rev.6/Corr.1; G/VAL/W/232/Rev.7 and G/VAL/W/232/Rev.7/Corr.1 which were issued by the Secretariat during the period under review and which summarized the latest status of notifications; and
- agreed at the 15 May meeting to remove from the agenda the implementation issue relating to Paragraph 12 of the Doha Ministerial Declaration, which related to customs cooperation.

(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.27 and G/VAL/W/5/Rev.28; and
- The Committee suspended, at the 15 May meeting, its ongoing discussions on 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 until the next meeting of the Committee. At the 6 November meeting, the Committee agreed to revert to the issue at its next meeting. Additional documents related to this item include a related 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 (TCCV) concerning technical assistance activities carried out by the WCO and its Members, as contained in documents G/VAL/8/Add.34; G/VAL/8/Add.35; and G/VAL/8/Add.35/Corr.1.

(d) Issues related to implementation of the Agreement

- took note of the statements made on the following agenda items:
  - (i) Armenia's reference price system in connection with the valuation of goods - raised by the United States, and agreed to revert to it at the next meeting;
  - (ii) Pakistan's determination of customs values of paper - raised by Thailand, and agreed to revert to it at the next meeting;
  - (iii) Colombia's reference pricing system imposed in accordance with Decree No. 1745 issued by the Ministerio de Hacienda y Credito Publico on 2 November 2016, impacting the release of goods and in particular apparel import - raised by Canada at the 6 November meeting, and agreed to revert to it at the next meeting;

- took note, at the 15 May meeting, that Ukraine, under the scope of the reform of 5 October 2016, had abolished the Resolution of the Cabinet of Ministers of Ukraine No. 724, which referred to the use of benchmarks for customs valuation of goods in the system of risk management.

(e) Preshipment Inspection Agreement

- took note of the Secretariat update on the status of notifications on preshipment inspection that were circulated in documents G/PSI/N/1/Rev.2/Add.4 and G/PSI/N/1/Rev.3;
- took note of updated reports by the International Federation of Inspection Agencies (IFIA) as circulated in documents G/VAL/W/63/Rev.20 and G/VAL/W/63/Rev.21;
- took note of statements made under the agenda item "Egypt's status of Notification of PSI" which had been included at the request of the United States and which was referred to in document G/VAL/W/299, circulated at the request of the United States and agreed to revert to it at the next meeting;
- took note of statements made under the agenda item of questions and responses by the United States and Indonesia, respectively, and agreed to revert to it at the next meeting; and
- undertook the Fourth Triennial Review pursuant to Article 6 of the PSI Agreement and in the context of the review, agreed to look at an amendment proposed by Thailand relating to Article 2.4 of the PSI Agreement, once the proposal had been submitted in writing. A draft factual report prepared by the Secretariat and circulated in document G/VAL/W/307 will be updated following the completion of the Review.

(f) The work of the Technical Committee on Customs Valuation and related activities of the WCO Secretariat

- took note of the reports by the World Customs Organization on the work of the TCCV, including its 44<sup>th</sup> session (8 to 12 May 2017) and 45<sup>th</sup> session (23 to 26 October 2017), as well as related activities of the WCO Secretariat. At the 44<sup>th</sup> Session, the TCCV adopted Advisory Opinion 4.17 regarding Royalties and Licence Fees under Article 8.1 (c) of the Customs Valuation Agreement, which was approved by the WCO Council in July 2017. The 44<sup>th</sup> Session also included a thematic day which addressed customs valuation risk management and the valuation aspects of e-commerce.

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

- At the meeting of 6 November the Committee:
  - adopted the Annual Review of the Implementation and Operation of the Customs Valuation Agreement (G/VAL/W/305)<sup>1</sup>, and requested the Secretariat to update it to take account of the 6 November meeting; and
  - adopted the Annual Report to the Council for Trade in Goods (G/VAL/W/306), and requested the Secretariat to update it to take account of the 6 November meeting.

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<sup>1</sup> Issued as document G/L/1198.