

# WORLD TRADE ORGANIZATION

G/L/205<sup>1</sup>

18 November 1997

(97-5061)

## REPORT OF THE COMMITTEE ON CUSTOMS VALUATION TO THE COUNCIL FOR TRADE IN GOODS

### A. Background

1. This report covers the year 1997. 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 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 has held two formal meetings, on 25 April 1997 (G/VAL/M/5) and 23 October 1997 (G/VAL/M/6). The Committee elected Mr. Tullio di Pietro (Italy) as Chairman and Mr. Ernesto de La Guardia (Argentina) as Vice-Chairman for 1997.

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 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.

### B. Implementation of the Agreement

5. The Committee examined the national legislations of six Members, four of which have been submitted during the period under consideration. The Committee concluded its examination of the legislations of Bulgaria, Fiji, and Liechtenstein. With respect to the legislations of Mexico, India and Singapore, the Committee took note of the various points raised and the explanations furnished, and agreed to continue the examination.

6. In conformity with Article 20.1 of the Agreement, 51 developing country Members are delaying application of the provisions of the Agreement (see Annex). Understanding has been reached in the Committee that the texts of the national legislation of these developing country Members will be supplied

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<sup>1</sup>This document cancels and replaces document G/VAL/12 circulated on 6 November 1997 in English only. The new symbol is appropriate for circulation as a document to be considered by the Council for Trade in Goods.

to the Committee before the developing country Members begin applying the provisions of the Agreement (G/VAL/5, para. B 2(ii)).

7. To date 15 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 13 Members have notified either their complete national legislation on customs valuation or amendments thereto; 38 Members have not yet made any notification (see Annex). The Chairman of the Committee has repeatedly expressed concern that a number of Members have not yet complied with the notification requirements, and urged those Members who have not yet done so to submit their notifications without further delay.

8. Two Members have notified their application of paragraph 2 of the Decision of the Committee on Customs Valuation on Valuation of Carrier-Media Bearing Software for Data Processing Equipment (See Annex). These Members also notified their application of the Decision on the Treatment of Interest Charges in the Customs Value of Imported Goods.

9. The Committee took note of a letter from the Director of the Valuation Directorate of the WCO, circulated in G/VAL/W/12 providing explanation of the circumstances where the cost of software "imported" by satellite may form part of the customs value of imported goods. This was in response to the Chairman's letter to the Chairman of the WCO Technical Committee circulated in document G/VAL/W/7. It took note of the discussion in the Technical Committee on this issue and its referral of this matter to appropriate experts, and agreed to conclude examination of this question. The Committee also agreed to rectify the term "entretenimiento" in the Spanish text of the Agreement through the issuance of a Procès Verbal subsequently circulated in document WT/Let/147. The Committee also took note of the report on the work of the Fourth (3-7 March 1997) and Fifth (6-10 October 1997) Sessions of the Technical Committee of the WCO.

10. At the April meeting, the Committee discussed a proposal by the United States in document G/VAL/W/18 on technical assistance activities. Three informal meetings were subsequently held to allow further discussion as well as to improve awareness and understanding of the technical activities carried out or being carried out by international organizations and Members either bilaterally or regionally. At the October meeting, the Committee agreed to engage in a more active role with regard to technical assistance activities initially by discussing technical assistance needs and activities aimed at implementation of the Agreement in a more systematic and formal manner. One of the aims of this work is to streamline and tailor technical assistance activities to the particular needs of each developing country Member. A request for information was circulated by the Chairman to all Members (G/VAL/11) for completion and subsequent review.

ANNEX

(i) Members who have indicated that their legislation remains valid under the WTO Customs Valuation Agreement in accordance with the decision taken by the Committee (G/VAL/M/1) (15)

Australia (G/VAL/N/1/AUS/1)	New Zealand (G/VAL/N/1/NZL/1)
Argentina (G/VAL/N/1/ARG/1)	Norway (G/VAL/N/1/NOR/1)
Brazil (G/VAL/N/1/BRZ/1)	Romania (G/VAL/N/1/ROM/1)
Hong Kong, China (G/VAL/N/1/HKG/1)	Slovak Republic (G/VAL/N/1/SVK/1)
Hungary (G/VAL/N/1/HUN/1)	Switzerland (G/VAL/N/1/CHE/1)
Japan (G/VAL/N/1/JPN/1)	Turkey (G/VAL/N/1/TUR/1)
Korea (G/VAL/N/1/KOR/1)	United States (G/VAL/N/1/USA/1)
	Zimbabwe (G/VAL/N/1/ZWE/1)

(ii) Members who have submitted their legislations or amendments in accordance with Articles 22.1 and 22.2 of the Agreement (13)

Bulgaria (G/VAL/N/1/BLG/1)	Liechtenstein (G/VAL/N/1/LIE/1)
Canada (G/VAL/N/1/CAN/1)	Macau (G/VAL/N/1/MAC/1)
Czech Republic (G/VAL/N/1/CZE/1)	Mexico (VAL/1/Add.25/Suppl.1/Rev.1, Suppl.2, and Suppl.3)
European Communities (G/VAL/N/1/EEC/1/Rev.1)	Slovenia (G/VAL/N/1/SVN/1)
Fiji (G/VAL/N/1/FJI/1)	Singapore (G/VAL/N/1/SGP/1)
Iceland (G/VAL/N/1/ISL/1)	South Africa (G/VAL/N/1/ZAF)
India (G/VAL/N/1/IND/ 2)	

(iii) Members delaying application of the provisions of the Agreement in accordance with Article 20.1 of the Agreement (51)

Bahrain (WT/Let/149)	Kuwait (WT/Let/72)
Bangladesh (WT/Let/1/Rev.1)	Madagascar (WT/Let/85)
Bolivia (WT/Let/48)	Malaysia (WT/Let/1/Rev.1)
Brunei Darussalam (WT/Let/36)	Mali (WT/Let/78)
Burkina Faso (WT/Let/19)	Malta (WT/Let/1/Rev.1)
Burundi (WT/Let/24)	Mauritania (WT/Let/82)
Cameroon (WT/Let/41)	Mauritius (WT/Let/1/Rev.2)
Central African Republic (WT/Let/19)	Morocco (Decision in WT/L/38)
Chile (WT/Let/1/Rev.1)	Myanmar (WT/Let/1/Rev.1)
Colombia (WT/Let/1/Rev.2)	Nicaragua (WT/Let/29)
Costa Rica (WT/Let/1/Rev.1)	Nigeria (WT/Let/106)
Côte d'Ivoire (WT/Let/1/Rev.1)	Pakistan (WT/Let/1/Rev.1)
Cuba (WT/Let/19)	Paraguay (WT/Let/1/Rev.1)
Djibouti (WT/Let/108)	Peru (Decision in WT/L/38)
Dominican Republic (WT/Let/1/Rev.1)	Philippines (WT/Let/1/Rev.1)
Ecuador (WT/Let/72)	Senegal (WT/Let/1/Rev.1)
Egypt (WT/Let/19)	Sri Lanka (WT/Let/1/Rev.1)
El Salvador (WT/Let/1/Rev.2)	Thailand (WT/Let/1/Rev.1)
Gabon (WT/Let/1/Rev.1)	Togo (WT/Let/19)
Ghana (WT/Let/1/Rev.1)	Tunisia (WT/Let/1/Rev.2)
Guatemala (WT/Let/24)	Uganda (WT/Let/108)
Honduras (WT/Let/1/Rev.1)	United Arab Emirates (WT/Let/72)
Indonesia (WT/Let/1/Rev.1)	Uruguay (WT/Let/1/Rev.1)
Israel (WT/Let/1/Rev.2)	Venezuela (WT/Let/1/Rev.1)
Jamaica (WT/Let/1/Rev.2)	Zambia (WT/Let/28)
Kenya (WT/Let/1/Rev.1)	

(iv) Members who have made no notifications (38)

Antigua & Barbuda	Malawi
Angola	Maldives
Barbados	Mongolia
Belize	Mozambique
Benin	Namibia
Botswana	Niger
Chad	Papua New Guinea
Congo	Poland
Cyprus	Qatar
Democratic Republic of Congo	Rwanda
Dominica	Saint Kitts & Nevis
Ethiopia	Saint Lucia
Gambia	Saint Vincent & Grenadines
Grenada	Sierra Leone
Guinea Bissau	Solomon Islands
Guinea, Rep. of	Suriname
Guyana	Swaziland
Haiti	Tanzania
Lesotho	Trinidad & Tobago

(v) Members who have notified their application of paragraph 2 of the decision of the Committee on Customs Valuation on Valuation of Carrier Media Bearing Software for Data Processing Equipment

Brunei Darussalam (G/VAL/N/3/BRN/1)  
Singapore (G/VAL/N/3/SGP/1)