



Committee on Customs Valuation

**TWENTY-THIRD ANNUAL REVIEW OF THE IMPLEMENTATION AND
OPERATION OF THE AGREEMENT ON IMPLEMENTATION OF ARTICLE VII
OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE 1994¹**

Article 23 of the Agreement provides that "the Committee shall review annually the implementation and operation of this Agreement taking into account the objectives thereof". The main objectives of the Agreement are those listed in the General Introductory Commentary. The annual review of the Committee should cover the implementation and operation of the Agreement in the light of its objectives and specific obligations.

At its meeting of 6 November 2017, the Committee on Customs Valuation conducted and adopted the 23rd annual review of the implementation and operation of the Agreement.

¹ This report was adopted by the Committee on Customs Valuation at its meeting of 6 November 2017.

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I. MEMBERS' DELAYED APPLICATIONS, RESERVATIONS AND OBSERVER STATUS

(a) Delayed Application and Reservations

1.1. This section reflects the situation with respect to special and differential treatment provisions available for developing country Members as of 18 October 2017. These provisions have been invoked as follows:

(i) *Article 20.1 (delayed application of the provisions of the Agreement)*

1.2. No Member maintains this special and differential treatment provision.

(ii) *Article 20.2 (delayed application of the computed value method)*

1.3. No Member maintains this special and differential treatment provision.

(iii) *Annex III, paragraph 1 (extension of the five-year delay period)*

1.4. No Member maintains this special and differential treatment provision.

(iv) *Annex III, paragraph 2 (reservation concerning minimum values)*

1.5. No Member maintains this special and differential treatment provision.

(v) *Annex III, paragraph 3 (reservation concerning reversal of sequential order of Articles 5 and 6) (53)*

| | | |
|------------------------|----------------------|-------------------------|
| Argentina ² | Guatemala | Niger |
| Bahrain, Kingdom of | Guyana | Pakistan |
| Bangladesh | Haiti | Panama |
| Benin | Honduras | Peru ² |
| Brazil ² | India ² | Philippines |
| Brunei Darussalam | Indonesia | Senegal |
| Burkina Faso | Israel | Sri Lanka |
| Cameroon | Jamaica | Thailand |
| Chile | Kenya | Togo |
| Colombia | Madagascar | Tunisia |
| Costa Rica | Malawi ² | Turkey ² |
| Côte d'Ivoire | Malaysia | Uganda |
| Djibouti | Maldives | United Arab Emirates |
| Dominican Republic | Mali | Uruguay |
| Ecuador | Mexico ² | Venezuela, Bol. Rep. of |
| Egypt | Morocco ² | Zambia |
| El Salvador | Myanmar | Zimbabwe ² |
| Gabon | Nicaragua | |

(vi) *Annex III, paragraph 4 (reservation to apply Article 5.2 whether or not the importer so requests) (51)*

| | | | |
|------------------------|--------------------|----------------------|-------------------------|
| Argentina ² | Dominican Republic | Kenya | Peru ² |
| Bahrain, Kingdom of | Ecuador | Madagascar | Philippines |
| Bangladesh | Egypt | Malaysia | Senegal |
| Benin | El Salvador | Malawi | Sri Lanka |
| Brazil ² | Gabon | Maldives | Thailand |
| Brunei Darussalam | Guatemala | Mali | Togo |
| Burkina Faso | Guyana | Mexico ² | Tunisia |
| Cameroon | Haiti | Morocco ² | Turkey ² |
| Chile | Honduras | Myanmar | Uruguay |
| Colombia | India ² | Nicaragua | Venezuela, Bol. Rep. of |
| Costa Rica | Indonesia | Niger | Zambia |
| Côte d'Ivoire | Israel | Nigeria | Zimbabwe ² |
| Djibouti | Jamaica | Pakistan | |

(b) Observer Governments (20)

| | |
|------------------------|-----------------------|
| Algeria | Holy See |
| Andorra | Iran |
| Azerbaijan | Iraq |
| Bahamas | Lebanese Republic |
| Belarus | Libya |
| Bhutan | Sao Tomé and Príncipe |
| Bosnia and Herzegovina | Serbia |
| Comoros | Sudan |
| Equatorial Guinea | Syrian Arab Republic |
| Ethiopia | Uzbekistan |

² Members that maintain in the WTO the special and differential treatment provisions that had been invoked under the Tokyo Round Agreement through Decision WT/L/38.

(c) Observer International Organizations (6)³

African, Caribbean and Pacific Group of States (ACP)
 Inter-American Development Bank (IADB)
 International Monetary Fund (IMF)
 United Nations Conference on Trade and Development (UNCTAD)
 World Bank
 World Customs Organization (WCO)

II. OFFICERS OF THE WTO COMMITTEE ON CUSTOMS VALUATION

- 2.1. Chairperson (elected in July 2016) Dr Yasser Korani (Egypt)
 Chairperson (elected in May 2017) Ms Luciana Nader (Uruguay)

III. MEETINGS OF THE COMMITTEE

- 3.1. During the period under review, the Committee held two formal meetings: on 15 May 2017 (G/VAL/M/64) chaired by Dr Yasser Korani (Egypt); and on 6 November 2017 (G/VAL/M/65)⁴, chaired by Ms Luciana Nader (Uruguay).

IV. NATIONAL LEGISLATION AND OTHER NOTIFICATIONS PRESENTED

(a) Texts of national legislation

4.1. Article 22 of the Agreement requires each Member to inform the Committee of any changes in its laws and regulations relevant to the Agreement, and in the administration of such laws and regulations. At its first meeting, on 12 May 1995, the Committee agreed on procedures for the notification of national legislation (G/VAL/M/1, paragraphs 29-35, 71 and 72). Paragraph i) of the "Decision on Notification and circulation of national legislation in accordance with Article 22 of the Agreement"⁵ requires Members to submit the complete texts of their national legislation (laws, regulations, etc.) on customs valuation in one of the three official WTO languages.

4.2. The status of these notifications is contained in documents G/VAL/W/232/Rev.7 and G/VAL/W/232/Rev.7/Corr.1. During the period under review, new notifications were submitted by Kazakhstan (G/VAL/N/1/KAZ/1) and by Malawi (G/VAL/N/1/MWI/2).

4.3. At the meeting of 15 May, the Committee continued the examination of the national legislations of 18 Members. It concluded the review of the national legislations of Cabo Verde, Colombia, Ecuador, Montenegro and Nicaragua, and agreed to revert at the next meeting to the examination of the legislations of the following 13 Members: the Kingdom of Bahrain; Belize; Guinea; Honduras; Kazakhstan; Malawi; Nepal; Nigeria; the Russian Federation; Rwanda; the Solomon Islands; Sri Lanka; and The Gambia.

4.4. At its meeting of 6 November, the Committee continued the examination of the national legislations of those 13 Members and agreed to revert to them at the next meeting of the Committee.

(b) Checklist of issues

4.5. At its first meeting, on 12 May 1995, the Committee agreed on procedures for the submission of replies to a checklist of issues (G/VAL/M/1, paragraphs 36-39). The checklist of issues is contained in G/VAL/5.

4.6. The status of the checklist of issues notifications is contained in documents G/VAL/W/232/Rev.7 and G/VAL/W/232/Rev.7/Corr.1. During the period under review, new notifications were submitted by Malawi (G/VAL/N/2/MWI/1) and by Nicaragua (G/VAL/N/2/NIC/2).

³ These organizations now have official observer status following Agreement in the Committee (G/VAL/M/5) and Agreements between the World Bank and the IMF with the WTO (WT/L/195).

⁴ To be issued.

⁵ Section B.2 of document G/VAL/5.

(c) Information on the application of the Committee Decisions

4.7. At its first meeting on 12 May 1995, the Committee adopted Decisions which had been previously adopted by the Tokyo Round Committee. These Decisions are reproduced in document G/VAL/5. The Committee also adopted Decisions that were referred by the Ministers at Marrakesh to the Committee. The texts of the decisions are contained in document G/VAL/1.

4.8. Notifications on the application of the Decision on the Treatment of Interest Charges in the Customs Value of Imported Goods and of paragraph 2 of the Decision on the Valuation of Carrier Media Bearing Software for Data Processing Equipment (G/VAL/5) were summarized by the Secretariat in documents G/VAL/W/5/Rev.27 and G/VAL/W/5/Rev.28. During the period under review, new notifications were submitted by Malawi (G/VAL/N/3/MWI/1) and by Nicaragua (G/VAL/N/3/NIC/1).

4.9. 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).

4.10. No decisions were taken by the Committee during the period under review.

V. TECHNICAL ASSISTANCE

5.1. The Committee took note that technical assistance in the area of customs valuation was incorporated into the WTO-wide technical assistance programme, and that the 2016-2017 biennial technical assistance plan was currently being implemented.

5.2. During the period under review, training on customs valuation was carried out as part of a number of WTO activities. Two national workshops on customs valuation were held, in cooperation with the World Customs Organizations, for St. Vincent and the Grenadines in November 2016 and for Guatemala in June 2017. Customs valuation training was included in two regional market access workshops which were delivered for the Arab region in Kuwait in March 2017, and for the CEECAC region at the Joint Vienna Institute in June 2017. Customs Valuation is included as part of the training on market access delivered in the WTO Regional Trade Policy Courses and during the period under review, a total of eight RTPCs were carried out. Two of these took place in 2016 in the Asia and the Arab Regions, and in 2017, market access was covered in six RTPCs which were carried out for the CEECAC, Caribbean, Latin America, French-speaking Africa, Asia and Arab Regions. Customs Valuation was also covered in the WTO Advanced Trade Policy Course in January 2017.

5.3. Members have the possibility to request at any time technical assistance on customs valuation, which would be met by a national activity designed to meet the needs of the recipient.

5.4. The Committee took note of information compiled by the Technical Committee on Customs Valuation (TCCV) in documents G/VAL/8/Add.34, G/VAL/8/Add.35 and G/VAL/8/Add.35/Corr.1 concerning technical assistance activities carried out by the WCO and its Members.

VI. ISSUES RELATED TO IMPLEMENTATION OF THE AGREEMENT

6.1. During the period under review, the Committee:

- agreed to remove the agenda item "Paragraph 12 of the Doha Ministerial Declaration WT/MIN/(01)/Dec/1: Implementation-related issues" (meeting of 15 May);
- took note of statements made under the agenda item "Armenia's Reference Price System in Connection with the Valuation of Goods, raised by the United States (meetings of 15 May and 6 November) and agreed to revert to it at the next meeting;

- took note of statements made under the agenda item "Pakistan's Determination of Customs Values of Paper", raised by Thailand (meetings of 15 May and 6 November), and agreed to revert to it at the next meeting; and
- took note of statements raised under an item raised under "Other Business" at the 6 November meeting - 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. The Committee agreed to revert to it at the next meeting.

VII. PRESHIPMENT INSPECTION

7.1. During the period under review, the Committee:

- took note of two reports consolidating the status of all the notifications which had been received on preshipment inspection (G/PSI/N/1/Rev.2/Add.4) and (G/PSI/N/1/Rev.3). No new notifications were submitted during the period under review;
- took note, at the meetings of 15 May and 6 November, of statements made under the agenda item "Egypt's status of Notification of PSI" raised by 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 "Questions and responses by the United States and Indonesia, respectively" and agreed to revert to it at the next meeting;
- took note of the latest reports by the International Federation of Inspection Agencies (IFIA) concerning countries that use preshipment inspection services which were circulated in documents G/VAL/W/63/Rev.20 and G/VAL/W/63/Rev.21; 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.

VIII. REPORTS BY THE TECHNICAL COMMITTEE ON CUSTOMS VALUATION

8.1. The representative of the WCO presented reports at the 15 May and 6 November meetings on the work of the TCCV, including the 44th session of the Technical Committee, which was held from 8 to 12 May 2017 and the 45th session which was held from 23 to 26 October 2017. At the 44th 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 44th Session also included a thematic day which addressed customs valuation risk management and the valuation aspects of e-commerce.

IX. CONSULTATION AND DISPUTE SETTLEMENT

9.1. During the period under review, there were no requests for consultations involving either the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 (Agreement on Customs Valuation) or the Agreement on Preshipment Inspection.

X. ANNUAL REPORT TO THE COUNCIL FOR TRADE IN GOODS

10.1. The Committee adopted its annual report to the Council for Trade in Goods in accordance with the requirements of Article 23 of the Agreement (G/L/1199).
