

**Committee on Customs Valuation**

THIRD ANNUAL REVIEW OF THE IMPLEMENTATION AND  
OPERATION OF THE AGREEMENT ON IMPLEMENTATION  
OF ARTICLE VII OF THE GENERAL AGREEMENT  
ON TARIFFS AND TRADE 1994

Background document by the Secretariat

Article 23 of the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 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 on 23 October 1997, the Committee conducted its third annual review on the basis of document G/VAL/W/22. The present document takes into account the points made during that review and the work of the Committee at that meeting.

The information contained in this document covers the period from 1 January to 31 December 1996.

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## I. MEMBERS, DELAYED APPLICATIONS, RESERVATIONS AND OBSERVER STATUS

(a) WTO Members (132)

Angola	Germany	Niger
Antigua and Barbuda	Ghana	Nigeria
Argentina	Greece	Norway
Australia	Grenada	Pakistan
Austria	Guatemala	Panama
Bahrain	Guinea Bissau	Papua New Guinea
Bangladesh	Guinea, Rep. of	Paraguay
Barbados	Guyana	Peru
Belgium	Haiti	Philippines
Belize	Honduras	Poland
Benin	Hong Kong, China	Portugal
Bolivia	Hungary	Qatar
Botswana	Iceland	Romania
Brazil	India	Rwanda
Brunei Darussalam	Indonesia	Saint Kitts and Nevis
Bulgaria	Ireland	Saint Lucia
Burkina Faso	Israel	Saint Vincent & Gren.
Burundi	Italy	Senegal
Cameroon	Jamaica	Sierra Leone
Canada	Japan	Singapore
Central African Republic	Kenya	Slovak Republic
Chad	Korea	Slovenia
Chile	Kuwait	Solomon Islands
Colombia	Lesotho	South Africa
Congo	Liechtenstein	Spain
Congo, Democratic Republic of the	Luxembourg	Sri Lanka
Costa Rica	Macau	Suriname
Côte d'Ivoire	Madagascar	Swaziland
Cuba	Malawi	Sweden
Cyprus	Malaysia	Switzerland
Czech Republic	Maldives	Tanzania
Denmark	Mali	Thailand
Djibouti	Malta	Togo
Dominica	Mauritania	Trinidad and Tobago
Dominican Republic	Mauritius	Tunisia
EC	Mexico	Turkey
Ecuador	Mongolia	Uganda
Egypt	Morocco	United Arab Emirates
El Salvador	Mozambique	United Kingdom
Fiji	Myanmar	United States
Finland	Namibia	Uruguay
France	Netherlands	Venezuela
Gabon	New Zealand	Zambia
Gambia	Nicaragua	Zimbabwe

(b) Delayed Application and Reservations

The provisions for special and differential treatment available for developing country Members have been invoked as follows:

(i) Article 20.1 (delayed application of the provisions of the Agreement) (51)

Bahrain	Kuwait
Bangladesh	Madagascar
Bolivia	Malaysia
Brunei Darussalam	Mali
Burkina Faso	Malta
Burundi	Mauritania
Cameroon	Mauritius
Central African Republic	Morocco <sup>1</sup>
Chile	Myanmar
Colombia	Nicaragua
Costa Rica	Nigeria
Côte d'Ivoire	Pakistan
Cuba	Paraguay
Djibouti	Peru <sup>1</sup>
Dominican Republic	Philippines
Ecuador	Senegal
Egypt	Sri Lanka
El Salvador	Thailand
Gabon	Togo
Ghana	Tunisia
Guatemala	Uganda
Honduras	United Arab Emirates
Indonesia	Uruguay
Israel	Venezuela
Jamaica	Zambia
Kenya	

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<sup>1</sup>The invocation of the special provisions available for developing country Members under the Customs Valuation Agreement 1979 shall continue to apply under the WTO Customs Valuation Agreement for the developing country Member concerned (WT/L/38).

(ii) Article 20.2 (delayed application of the computed value method) (49)

Bahrain	Malaysia
Bangladesh	Mali
Bolivia	Malta
Brunei Darussalam	Mauritania
Burkina Faso	Mexico <sup>1</sup>
Burundi	Morocco <sup>1</sup>
Cameroon	Myanmar
Chile	Nicaragua
Colombia	Nigeria
Costa Rica	Pakistan
Côte d'Ivoire	Peru <sup>1</sup>
Djibouti	Philippines
Dominican Republic	Sénégal
Ecuador	Singapore
Egypt	Sri Lanka
El Salvador	Tanzania
Gabon	Thailand
Guatemala	Togo
Honduras	Tunisia
Indonesia	Turkey <sup>1</sup>
Israel	United Arab Emirates
Jamaica	Uruguay
Kenya	Venezuela
Kuwait	Zambia
Madagascar	

(iii) Annex III, paragraph 2 (reservation concerning minimum values) (31)

Bahrain	Indonesia	Peru <sup>1</sup>
Bangladesh	Jamaica	Philippines
Burkina Faso	Kenya	Singapore
Chile	Madagascar	Sri Lanka
Colombia	Malaysia	Thailand
Côte d'Ivoire	Malta	Togo
Djibouti	Mauritania	Tunisia
Dominican Republic	Myanmar	Uganda
Gabon	Pakistan	Uruguay
Guatemala	Paraguay	Venezuela
		Zambia

(iv) Annex III, paragraph 3 (reservation concerning reversal of sequential order of Articles 5 and 6) (47)

Argentina <sup>1</sup>	Gabon	Nicaragua
Bahrain	Guatemala	Pakistan
Bangladesh	Honduras	Peru <sup>1</sup>
Brazil <sup>1</sup>	India <sup>1</sup>	Philippines
Brunei Darussalam	Indonesia	Singapore
Burkina Faso	Israel	Sri Lanka
Cameroon	Jamaica	Thailand
Chile	Kenya	Togo
Colombia	Madagascar	Tunisia
Costa Rica	Malawi <sup>1</sup>	Turkey <sup>1</sup>
Côte d'Ivoire	Malaysia	Uganda
Djibouti	Malta	United Arab Emirates
Dominican Republic	Mexico <sup>1</sup>	Uruguay
Ecuador	Morocco <sup>1</sup>	Venezuela
Egypt	Myanmar	Zambia
El Salvador		Zimbabwe <sup>1</sup>

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<sup>1</sup>The invocation of the special provisions available for developing country Members under the Customs Valuation Agreement 1979 shall continue to apply under the WTO Customs Valuation Agreement for the developing country Member concerned (WT/L/38).

(v) Annex III, paragraph 4 (reservation concerning application of Article 5.2 whether or not the importer so requests) (45)

Argentina <sup>1</sup>	Gabon	Pakistan
Bahrain	Guatemala	Peru <sup>1</sup>
Bangladesh	Honduras	Philippines
Brazil <sup>1</sup>	India <sup>1</sup>	Singapore
Brunei Darussalam	Indonesia	Sri Lanka
Burkina Faso	Israel	Thailand
Cameroon	Jamaica	Togo
Chile	Kenya	Tunisia
Colombia	Madagascar	Turkey <sup>1</sup>
Costa Rica	Malaysia	Uruguay
Côte d'Ivoire	Malta	Venezuela
Djibouti	Mexico <sup>1</sup>	Zambia
Dominican Republic	Morocco <sup>1</sup>	Zimbabwe <sup>1</sup>
Ecuador	Myanmar	
Egypt	Nicaragua	
El Salvador	Nigeria	

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<sup>1</sup>The invocation of the special provisions available for developing country Members under the Customs Valuation Agreement 1979 shall continue to apply under the WTO Customs Valuation Agreement for the developing country Member concerned (WT/L/38).

(c) Observer Governments (32)

Albania	Former Yugoslav	Oman
Algeria	Rep. of Macedonia	Russian Federation
Andorra	Georgia	Saudi Arabia
Armenia	Holy See	Seychelles
Azerbaijan	Jordan	Sudan
Belarus	Kazakhstan	Taipei, Chinese
Cambodia	Kyrgyz Rep.	Tonga
China	Latvia	Ukraine
Croatia	Lithuania	Uzbekistan
Estonia	Moldova	Vanuatu
Ethiopia	Nepal	Viet Nam

(d) Observer International Organizations (6)<sup>2</sup>

World Customs Organization  
World Bank  
IMF  
UNCTAD  
ACP  
IADB

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<sup>2</sup>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).



## II. OFFICERS OF THE WTO COMMITTEE ON CUSTOMS VALUATION

Chairman: Mr. Tullio di Pietro (Italy)  
Vice-Chairman: Mr. Ernesto de La Guardia (Argentina)

## III. MEETINGS OF THE COMMITTEE

During the reporting period, the Committee has held two meetings on 25 April 1997 and on 23 October 1996. The minutes of these meetings are contained in documents G/VAL/M/5 and G/VAL/M/6, respectively.

## IV. NATIONAL LEGISLATION PRESENTED

### (i) Texts of national legislation

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, the Committee agreed on procedures for the notification of national legislation (G/VAL/M/1, paragraphs 29-35, 71 and 72).

During the reporting period, the following communications and texts have been submitted:

Argentina	G/VAL/N/1/ARG/1
Bulgaria	G/VAL/N/1/BGR/1
Canada	G/VAL/N/1/CAN/2
Fiji	G/VAL/N/1/FJI/1
Iceland	G/VAL/N/1/ISL/1
Liechtenstein	G/VAL/N/1/LIE/1
Singapore	G/VAL/N/1/SGP/1

### (ii) Checklist of issues

At its first meeting, the Committee agreed on procedures for the submission of a checklist of issues (G/VAL/M/1, paragraphs 36-39).

During the reporting period, the following communications have been submitted:

Fiji	G/VAL/N/2/FJI/1
Singapore	G/VAL/N/2/SGP/1

### (iii) Examination of national legislation

At its meeting of 25 April 1997, the Committee pursued its examination of various communications and implementing legislations. The Committee agreed to conclude the examination of the legislations of Fiji (G/VAL/N/1/FJI/1), Bulgaria (G/VAL/N/1/BGR/1), and Liechtenstein (G/VAL/N/1/LIE/1). It continued examination of the legislations of Mexico (VAL/1/Add.25/Suppl.1, 2 and 3) and of India (G/VAL/N/1/IND/2). The Committee was informed that one Member, Argentina (G/VAL/N/1/ARG/1), had submitted communications indicating that their legislation notified under the Tokyo Round Customs Valuation Agreement remained valid under the WTO Customs Valuation Agreement. The Committee took note of the communication from Fiji containing its responses to the Checklist of Issues (G/VAL/N/2/FJI/1). The Committee noted that 52 developing countries had evoked the delay

period provided in Article 20.1, and that 28 of these countries would have to apply the Agreement by 1 January 2000 and another 20 by the end of the year 2000. It was noted that the transition period, during which developing countries should prepare for implementation, was half over.

At the meeting of 25 October, the Committee continued examination of the legislations of Mexico and India (G/VAL/W/8, G/VAL/W/14, and G/VAL/W/19) and initiated examination of the legislation of Singapore (G/VAL/N/1/SGP/1). The Committee noted that Iceland had notified its legislation. However it had been received too late for this meeting and would be taken up at the next meeting of the Committee. The Committee took note of the communication from Singapore containing its responses to the Checklist of Issues (G/VAL/N/2/SGP/2). The Committee again noted the situation with regard to the developing countries which had evoked the delay period under Article 20.1. With the notification of Singapore's implementing legislation, the number of these countries was presently 51, of which 27 would have to apply the Agreement by 1 January 2000, and 20 by the end of the year 2000.

(iv) Information on the application of the Committee Decisions

Information 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), made available by Members, is summarized in document G/VAL/W/5/Rev.3/Corr.1. In December, a notification was received from Slovenia on its application of the Decisions; it is contained in G/VAL/N/3/SVN/1.

V. **AMENDMENTS, INTERPRETATIONS AND RECTIFICATIONS OF THE TEXT OF THE AGREEMENT**

At its first meeting on 12 May 1995, the Committee adopted the decisions relating to the interpretation of the Agreement, which had previously been adopted by the Tokyo Round Committee (G/VAL/M/1, paragraphs 66-67). The decisions were reproduced in document G/VAL/5.

The Committee agreed to rectify the Spanish text of the Interpretative Note to Article 1 of the Agreement through the issuance of a Procès Verbale. The Director-General issued a Procès Verbale in document WT/Let/147 formally correcting the text by including the correction, "mantenimiento," in the margin of the authentic text of the Agreement.

VI. **OTHER DECISIONS TAKEN BY THE COMMITTEE**

At its first meeting on 12 May 1995, the Committee adopted other decisions which are contained in document G/VAL/5. The Committee also adopted decisions that were referred by the Ministers at Marrakesh to the Committee for adoption. The texts of the decisions are contained in document G/VAL/1. No new decisions were adopted during the reporting period.

VII. **TECHNICAL ASSISTANCE**

Technical assistance aimed at helping countries in their preparations for the application of the Agreement has continued to be a matter of high priority to Members, to the Committee on Customs Valuation and to the Technical Committee. Following the recommendation from the Council on Trade in Goods, the Committee has focused its attention on technical assistance activities during the reporting period. A proposal by the United States was circulated (G/VAL/W/18) on an increased role for the Committee in such activities. This prompted three informal meetings of the Committee, held on 4 June, 11 July and 26 September 1997. It was agreed at the October meeting that the Committee would

discuss, in a systematic and formal manner, technical assistance with a view to contributing towards streamlining and tailoring technical assistance to the particular needs of each developing country. Such discussions would ensue in the formal meetings of the Committee as well as in informal meetings held as and when appropriate in the interim. A Chairman's Request for Information concerning the implementation of the Agreement was circulated to Members (G/VAL/11).

Information on technical assistance activities is contained in working document G/VAL/8/Add.1 and Add.2 which reproduces information contained in WCO documents 41.091 and 41.719.

## VIII. REPORT BY THE TECHNICAL COMMITTEE ON CUSTOMS VALUATION

### Meetings of the Technical Committee

The representative of the World Customs Organization (WCO) presented detailed oral reports on the Fourth and Fifth Sessions of the Technical Committee on Customs Valuation, held on 3-7 March 1997 and 6-10 October 1997, respectively.

The Committee on Customs Valuation took note of these reports and expressed appreciation for the continued valuable work of the Technical Committee.

## IX. CONSULTATION AND DISPUTE SETTLEMENT

During the reporting period, the European Communities (WT/DS53/1), Norway (WT/DS53/2) and Switzerland (WT/DS53/3) continued to consult with Mexico under Article 19 of the Agreement and pursuant to Article XXII:1 of the GATT 1994 and Article 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes, on the Mexican Customs Law and the Resolution establishing the general rules governing the application of the customs provisions of the North American Free Trade Agreement.

## X. ANNUAL REPORT TO THE COUNCIL FOR TRADE IN GOODS (G/VAL/W/21)

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/205).

## ANNEX I

### Information on National Legislation

Below are listed the references of the documents<sup>3</sup> containing national laws, regulations etc. and replies to the Checklist of Issues (VAL/2/Rev.1 and Rev.2) received from Members.

<u>Member</u>	<u>National legislation</u>	<u>Replies to the Checklist of Issues</u>
Argentina	VAL/1/Add.22 + Suppl. 1-4 + Suppl.2/Rev.1 G/VAL/N/1/ARG/1	VAL/2/Rev.2/Add.4
Australia	VAL/1/Add.14 + Suppl.1-4 G/VAL/N/1/AUS/1	VAL/2/Rev.1/Add.12 + Suppl.1
Botswana	VAL/1/Add.16	Not received
Brazil	VAL/1/Add.20 + Suppl.1 G/VAL/N/1/BRZ/1	VAL/2/Rev.2/Add.3
Bulgaria	G/VAL/N/1/BGR/1	
Canada	VAL/1/Add.17 + Suppl.1-3 G/VAL/N/1/CAN/1	VAL/2/Rev.1/Add.14
Cyprus	VAL/1/Add.26	VAL/2/Rev.2/Add.7
Czech Rep.	VAL/1/Add.18 + Suppl.1/ Corr.1-2 G/VAL/N/1/CZE/1	VAL/2/Rev.1/Add.15 + Suppl.1 G/VAL/N/1/CZE/2
European Economic Community	VAL/1/Add.2 + Suppl.1-13 + Suppl.1 G/VAL/N/1/EEC/1/Rev.1	VAL/2/Rev.1/Add.6
Fiji	G/VAL/N/1/FJI/1	G/VAL/N/2/FJI/1
Hong Kong	VAL/1/Add.9 G/VAL/N/1/HKG/1	Not applicable
Hungary	VAL/1/Add.6 G/VAL/N/1/HUN/1	VAL/2/Rev.1/Add.4
India	VAL/1/Add.24 + Suppl.1 G/VAL/N/1/IND/2	VAL/2/Rev.2/Add.6
Japan	VAL/1/Add.7 G/VAL/N/1/JPN/1	VAL/2/Rev.1/Add.8
Korea, Rep.of	VAL/1/Add.19 + Suppl.1-4 + Suppl.2/Corr.1-2 + Suppl.3/Corr.1 G/VAL/N/1/KOR/1	VAL/2/Rev.2/Add.1 + Suppl.1
Lesotho	VAL/1/Add.21 + Suppl.1	VAL/2/Rev.2/Add.2
Liechtenstein	G/VAL/N/1/LIE/1	
Macau	G/VAL/N/1/MAC/1	
Malawi	VAL/1/Add.27	
Mexico	VAL/1/Add.25 + Suppl.1-3 + Suppl.1/Rev.1	VAL/2/Rev.2/Add.8
New Zealand	VAL/1/Add.12 + Suppl.1 G/VAL/N/1/NZL/1	VAL/2/Rev.1/Add.10

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<sup>3</sup>Documents beginning with "VAL" are documents issued under the Tokyo Round Committee on Customs Valuation

Norway	VAL/1/Add.11 + Corr.1 + Suppl.1-2 G/VAL/N/1/NOR/1	VAL/2/Rev.1/Add.7
Poland	VAL/1/Add.28	
Romania	VAL/1/Add.8 + Suppl.1-2 G/VAL/N/1/ROM/1	VAL/2/Rev.1/Add.9
Singapore	G/VAL/N/1/SGP/1	G/VAL/N/2/SGP/1
Slovak Rep.	VAL/1/Add.18 + Suppl.1/ Corr.1-2 G/VAL/N/1/SVK/1	VAL/2/Rev.1/Add.15 + Suppl.1
Slovenia	G/VAL/N/1/SVN/1	
South Africa	VAL/1/Add.15 + Corr.1 + Suppl.1-3 G/VAL/N/1/ZAF	VAL/2/Rev.1/Add.13
Switzerland	VAL/1/Add.5 G/VAL/N/1/CHE/1	Not applicable
Turkey	VAL/1/Add.29 G/VAL/N/1/TUR/1	
United States	VAL/1/Add.1 + Suppl.1-5 G/VAL/N/1/USA/1	VAL/2/Rev.1/Add.1
Zimbabwe	VAL/1/Add.23 G/VAL/N/1/ZWE/1	VAL/2/Rev.2/Add.5