

REPORT (1998) OF THE COMMITTEE ON CUSTOMS VALUATION

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 1998. 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 three formal meetings, on 8 May 1998 (G/VAL/M/7), on 26, 30 June and 2 July 1998 (G/VAL/M/8), and on 13 November 1998 (G/VAL/M/9). The Committee elected Mr. Mohamed Bentaja (Morocco) as Chairperson and Ms. Julia Nielson (Australia) as Vice-Chairperson for 1998.

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 organization 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 ten Members, eight of which had been submitted during the period under consideration. The Committee concluded its examination of the legislations of Canada, Cyprus, India, Iceland, Mexico, Singapore, and of Slovenia's checklist of issues. It is continuing its examination of the legislations of Israel, Morocco, and Panama. Two notifications of legislation, from Brazil and from Trinidad and Tobago have been received following the November meeting and will be examined during the next reporting period.

6. In conformity with Article 20.1 of the Agreement, 53 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)).

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 19 Members have notified either their complete national legislation on customs valuation or amendments thereto; 29 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, Panama (G/VAL/N/3/PAN/1) and Slovenia (G/VAL/N/3/SVN/1), have notified the date of 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.

9. The Committee took note of the report on the work of the Sixth (27 April - 1 May 1998) and Seventh (5-9 October 1998) Sessions of the Technical Committee on Customs Valuation of the WCO.

10. At the May meeting, the Chairman reported on two informal meetings which had been held on technical assistance. The Committee reviewed responses to its request for information which were subsequently circulated in G/VAL/W/24. The WTO Secretariat briefed the Committee on the progress and plans for its Technical Assistance Programme on Customs Valuation which would operate on a request basis. Also at this meeting, the Secretariat circulated an inventory of the technical assistance activities related to implementation of the Customs Valuation Agreement by country (G/VAL/W/25). It was agreed that Members would continue to respond to the request for information which could help to design bilateral and regional technical assistance activities as well as feed into the WTO Secretariat Programme. It was also agreed that the Chairman would hold informal consultations to review additional responses to the request, to hear progress on the Secretariat Programme, and to discuss any Members' particular situation and/or new proposals on how the Committee could further pursue its mandate under Article 20.3 of the Agreement.

11. At the 26, 30 June and 2 July meeting, the Committee discussed the terms and conditions of Morocco's reservation concerning minimum values under paragraph 2, Annex III. The formal meeting was suspended over the course of the three days to allow for informal consultations during the interim periods. The Committee ultimately agreed on the terms and conditions as stated in the Decision of the Committee contained in G/VAL/M/8, paragraph 18.

12. At the November meeting, it was agreed that technical assistance in the area of customs valuation was an urgent matter as time was quickly passing for those developing countries which must implement the Agreement by 1 January 2000. The Secretariat reported on its technical assistance programme which utilises expert consultants to conduct one-week missions of a practical nature for those developing countries which request such assistance. It was reported that of 30 letters sent during the programme's first phase, 19 responses had received and 10 missions had been carried out during the period from August through November 1998. The Committee agreed that the Secretariat would prepare a paper highlighting the priority areas for technical assistance activities designed for implementation of the Agreement which would be based on the responses received upon the Chairman's request for information and other sources which may be available. An informal meeting of the Committee would be held quickly thereafter to discuss the paper. Further, the Committee adopted its report for 1998 and adopted, ad referendum, the Fourth Annual Review of the Implementation and Operation of the Customs Valuation Agreement. It initiated a discussion under the agenda item trade facilitation where it was agreed that the Chairman would carry out informal consultations with interested delegations.

ANNEX¹**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 and 2	VAL/2/Rev.2/Add.7	
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
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	VAL/2/Rev.1/Add.15 + Suppl.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	
Egypt				WT/Let/19
El Salvador				WT/Let/1/Rev.2
Fiji		G/VAL/N/1/FJI/1	G/VAL/N/2/FJI/1	

¹ 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
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	Not notified	
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	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
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		Not notified	Not notified	
Mali				WT/Let/78
Malta				WT/Let/1/Rev.1
Mauritania				WT/Let/82
Mauritius				WT/Let/1/Rev.2
Mexico		VAL/1/Add.25 + Suppl. 1-3 + Suppl.1/Rev.1	VAL/2/Rev.1/Add.10	
Mongolia		Not notified	Not notified	
Morocco		G/VAL/N/1/MAR/1	G/VAL/N/2/MAR/1	
Mozambique		Not notified	Not notified	
Myanmar				WT/Let/1/Rev.1
Namibia		Not notified	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		Not notified	Not notified	
Nigeria				WT/Let/106
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
Philippines				WT/Let/1/Rev.1

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
Poland		VAL/1/Add.28 G/VAL/N/1/POL/1	Not notified	
Qatar		Not notified	Not notified	
Romania	G/VAL/N/1/ROM/1	VAL/1/Add.8 + Suppl. 1-2	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		Not notified	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	15	19	26	53