

WORLD TRADE ORGANIZATION

RESTRICTED

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Committee on Customs Valuation

FIRST 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 Working Document by the Secretariat

This working document is circulated by the Secretariat in preparation for the first annual review of the implementation and operation of the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994, to be conducted at the forthcoming meeting on 24 October 1995. As indicated in the text below, this document will have to be updated in light of the discussion at that meeting in order to give a full picture of the developments in the Committee during the current year.

Article 23 of the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 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.

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1. MEMBERS, DELAYED APPLICATIONS, RESERVATIONS AND OBSERVER STATUS**(a) MEMBERS (110)**

Antigua and Barbuda	Guinea	Pakistan
Argentina	Guinea Bissau	Paraguay
Australia	Guyana	Peru
Austria	Honduras	Philippines
Bahrain	Hong Kong	Poland
Bangladesh	Hungary	Portugal
Barbados	Iceland	Romania
Belgium	India	Saint Lucia
Belize	Indonesia	Saint Vincent & Grenadines
Bolivia	Ireland	Senegal
Botswana	Israel	Sierra Leone
Brazil	Italy	Singapore
Brunei Darussalam	Jamaica	Slovak Republic
Burkina Faso	Japan	Slovenia
Burundi	Kenya	South Africa
Canada	Korea	Spain
Central African Republic	Kuwait	Sri Lanka
Chile	Lesotho	Suriname
Colombia	Liechtenstein	Swaziland
Costa Rica	Luxembourg	Sweden
Côte d'Ivoire	Macau	Switzerland
Cuba	Malawi	Tanzania
Cyprus	Malaysia	Thailand
Czech Republic	Maldives	Togo
Denmark	Mali	Trinidad and Tobago
Djibouti	Malta	Tunisia
Dominica	Mauritania	Turkey
Dominican Republic	Mauritius	Uganda
Egypt	Mexico	United Kingdom
El Salvador	Morocco	United States
European Communities	Mozambique	Uruguay
Finland	Myanmar	Venezuela
France	Namibia	Zambia
Gabon	Netherlands	Zimbabwe
Germany	New Zealand	
Ghana	Nicaragua	
Greece	Nigeria	
Guatemala	Norway	

(b) Delayed Application and Reservations¹

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)

Bangladesh	Malaysia
Burkina Faso	Malta
Burundi	Mauritius
Central African Republic	Morocco ²
Chile	Myanmar
Colombia	Nicaragua
Costa Rica	Pakistan
Côte d'Ivoire	Paraguay
Cuba	Peru ²
Dominican Republic	Philippines
Egypt	Senegal
El Salvador	Singapore
Gabon	Sri Lanka
Ghana	Thailand
Guatemala	Togo
Honduras	Tunisia
Indonesia	Uruguay
Israel	Venezuela
Jamaica	Zambia
Kenya	

¹For the text of the communications received from these Members, refer to documents WT/Let/1/Rev.2 dated 22 May 1995, WT/Let/19 dated 15 June 1995, WT/Let/24 dated 28 June 1995, WT/Let/28 dated 21 August 1995 and WT/Let/29 dated 23 August 1995.

²The 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)

Bangladesh	Mexico ²
Burkina Faso	Morocco ²
Burundi	Myanmar
Chile	Nicaragua
Colombia	Pakistan
Costa Rica	Peru ²
Côte d'Ivoire	Philippines
Dominican Republic	Senegal
Egypt	Singapore
El Salvador	Sri Lanka
Gabon	Thailand
Guatemala	Togo
Honduras	Tunisia
Indonesia	Turkey ²
Jamaica	Uruguay
Kenya	Venezuela
Malaysia	Zambia
Malta	

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

Bangladesh	Jamaica	Singapore
Burkina Faso	Kenya	Sri Lanka
Chile	Malaysia	Thailand
Colombia	Malta	Togo
Côte d'Ivoire	Myanmar	Tunisia
Dominican Republic	Pakistan	Uruguay
Gabon	Paraguay	Venezuela
Guatemala	Peru ²	Zambia
Indonesia	Philippines	

²The 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).

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

Argentina ²	Honduras	Pakistan
Bangladesh	India ²	Peru ²
Brazil ²	Indonesia	Philippines
Burkina Faso	Israel	Singapore
Chile	Jamaica	Sri Lanka
Colombia	Kenya	Thailand
Costa Rica	Malawi ²	Togo
Côte d'Ivoire	Malaysia	Tunisia
Dominican Republic	Malta	Turkey ²
Egypt	Mexico ²	Uruguay
El Salvador	Morocco ²	Venezuela
Gabon	Myanmar	Zambia
Guatemala	Nicaragua	Zimbabwe ²

(v) Annex III, paragraph 4 (reservation concerning application of Article 5:2 whether or not the importer so requests)

Argentina ²	Honduras	Peru ²
Bangladesh	India ²	Philippines
Brazil ²	Indonesia	Singapore
Burkina Faso	Israel	Sri Lanka
Chile	Jamaica	Thailand
Colombia	Kenya	Togo
Costa Rica	Malaysia	Tunisia
Côte d'Ivoire	Malta	Turkey ²
Dominican Republic	Mexico ²	Uruguay
Egypt	Morocco ²	Venezuela
El Salvador	Myanmar	Zambia
Gabon	Nicaragua	Zimbabwe ²
Guatemala	Pakistan	

²The invocation of the special provisions available for developing country Members under the Tokyo Round Customs Valuation Agreement shall continue to apply under the WTO Customs Valuation Agreement for the developing country Member concerned (WT/L/38).

(c) OBSERVER GOVERNMENTS (41)

Albania	Estonia	Panama
Algeria	Fiji	Qatar
Angola	Former Yugoslav Rep. of Macedonia	Russian Federation
Armenia	Gambia	Rwanda
Belarus	Grenada	Seychelles
Benin	Haiti	St. Kitts and Nevis
Bulgaria	Latvia	Sudan
Cameroon	Lithuania	Taipei, Chinese
Cambodia	Madagascar	Ukraine
Chad	Mongolia	United Arab Emirates
China	Niger	Uzbekistan
Congo	Oman	Vanuatu
Croatia	Papua New Guinea	Viet Nam
Ecuador		Zaire

(d) OBSERVER INTERNATIONAL ORGANIZATIONS (3)³

World Customs Organization
IMF
UNCTAD

³The invitations of these three organizations made by the Council for Trade in Goods and the Committee are *ad hoc* arrangements, pending final agreement on guidelines for observer status for international intergovernmental organizations. These arrangements are without prejudice to the positions of delegations in future discussions on the question of observer status of international intergovernmental organizations.

2. OFFICERS OF THE WTO COMMITTEE ON CUSTOMS VALUATION

Chairman: Mr. P. Palečka (Czech Republic)
 Vice-Chairman: (Election pending)

3. MEETINGS OF THE COMMITTEE

During the reporting period, the Committee has held two meetings on 12 May 1995 and on 24 October 1995. The minutes of these meetings are contained in documents G/VAL/M/1 [and G/VAL/M/2 (to be issued), respectively].

4. 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:

Australia	G/VAL/N/1/AUS/1
Ecuador	G/VAL/N/1/ECU/1
Hungary	G/VAL/N/1/HUN/1
Korea, Republic of	G/VAL/N/1/KOR/1
New Zealand	G/VAL/N/1/NZL/1
Romania	G/VAL/N/1/ROM/1
Switzerland	G/VAL/N/1/CHE/1
Zimbabwe	G/VAL/N/1/ZWE/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:

Australia	G/VAL/N/1/AUS/1
Zimbabwe	G/VAL/N/1/ZWE/1

(iii) Examination of national legislation

[At its meeting of 24 October 1995, the Committee pursued its examination of various communications and implementing legislations. The Committee was informed that Australia, Korea, New Zealand, Romania, Switzerland and Zimbabwe had submitted communications indicating that their legislation notified under the Tokyo Round Customs Valuation Agreement remained valid under the WTO Customs Valuation Agreement. These communications had been circulated respectively in documents G/VAL/N/1/AUS/1, G/VAL/N/1/KOR/1, G/VAL/N/1/NZL/1, G/VAL/N/1/ROM/1, G/VAL/N/1/CHE/1 and G/VAL/N/1/ZWE/1. The Committee was also informed that Hungary had submitted a communication indicating that its legislation notified under the Tokyo Round Customs Valuation Agreement remained

valid under the WTO Customs Valuation Agreement, except an amendment contained in Section 93 of the Joint Decree N° 39/1976 (XI.10) PM-KKM.]

(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/4.

5. **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.

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

At its first meeting on 12 May 1995, the Committee adopted decisions on "Reservations under the Agreement on Customs Valuation"; "Procedures on Notification and Circulation of National Legislation"; "Checklist Issues"; "Information on Technical Assistance" (G/VAL/M/1, paragraphs 71-72 and 75-82). The decisions are contained in document G/VAL/5.

The Committee also adopted: (i) the Decision regarding cases where customs administrations have reason to doubt the truth or accuracy of the declared value; and (ii) the Decision on texts relating to minimum values and imports by sole agents, sole distributors and sole concessionaires. The decisions were referred by the Ministers at Marrakesh to the Committee for adoption. The texts of the decisions are contained in document G/VAL/1.

7. **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, the Committee on Customs Valuation and the Technical Committee. Technical assistance is being made available to both developing country Members and other developing countries interested in the Agreement.

Information on technical assistance activities is contained in working document G/VAL/W/4 which reproduces information contained in WCO document 39.708.

8. **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 Twenty-Ninth Session (13-17 March 1995) [and the First Session (2-6 October 1995) of the WTO Technical Committee].

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

9. SUBSTANTIAL DIFFICULTIES ENCOUNTERED BY MEMBERS IN APPLYING THE AGREEMENT

During the period under review, no Member has reported any substantial difficulty in applying the Agreement.

10. CONSULTATION AND DISPUTE SETTLEMENT

Canada (WT/DS9/1) and the United States (WT/DS13/1) requested consultations with the European Communities under Article 19 of the Agreement regarding certain regulations of the European Communities concerning cereals.

11. ANNUAL REPORT TO THE COUNCIL FOR TRADE IN GOODS (G/VAL/SPEC/2)

[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/VAL/SPEC/2).]