

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED
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Special Distribution

Committee on Customs Valuation

THIRTEENTH ANNUAL REVIEW OF THE IMPLEMENTATION AND OPERATION OF THE AGREEMENT

Background Working Document by the Secretariat

This working document is circulated by the Secretariat in preparation for the thirteenth annual review of the implementation and operation of the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade, to be conducted at the forthcoming meeting on 12 October 1993. As indicated in the text below, this document will have to be updated after that meeting in order to give a full picture of the developments in the Committee during the current year.

Article 26 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 Preamble. The annual review of the Committee should cover the operation of the Agreement as a whole, as well as action by Parties to ensure proper implementation and operation of the Agreement in the light of its objectives and specific obligations.

The contents of this document are as follows:

	<u>Page</u>
1. Accession, acceptances, reservations and observer status.	3
2. Composition of the Committee on Customs Valuation	5
3. Meetings of the Committee	6
4. National legislation presented	6
5. Amendments, interpretations and rectifications of the text of the agreement	7
6. Other decisions taken by the Committee	7
7. Technical assistance	7
8. Information and advice from the Technical Committee, and general report on the Technical Committee.	7
9. Substantial difficulties encountered by Parties in applying the Agreement	8
10. Consultation and dispute settlement	8
11. Panelists	8
12. Other matters relating to implementation	8
13. Annual report to the CONTRACTING PARTIES	8
14. General appreciation of experience with implementation and operation of the Agreement.	8
Annex I	9
Annex II	10
Annex III	12

1. **ACCESSIONS, ACCEPTANCES, RESERVATIONS AND OBSERVER STATUS**

(a) **Status of accessions and acceptances**

The number of signatories is thirty-two.

Bolivia accepted the Agreement on 27 January 1993, subject to ratification. Bolivia has invoked the provisions of Article 21 of the Agreement (VAL/45).

The Czech Republic (VAL/46) and the Slovak Republic (VAL/47) notified their acceptance of the Agreement on the same terms as those accepted by the Czech and Slovak Federal Republic. The Agreement entered into force for the two Republics on 1 May 1993 under an accelerated procedure.

Morocco accepted the Agreement on 4 June 1993, and in its notification of acceptance invoked the provisions of paragraphs 1 and 2 of Article 21, and paragraphs 4 and 5 of Section I of the Protocol (VAL/49).

In accordance with the decision taken by the Council at its 16-17 June 1993 meeting (C/M/264, page 3), the Committee agreed that the Federal Republic of Yugoslavia (Serbia and Montenegro) could not be considered the automatic successor State to the former Socialist Federal Republic of Yugoslavia.

(b) **Terms of acceptance**

In regard to the terms of acceptance, the special provisions available for developing countries have been invoked as follows:

(i) **Article 21.1 (delayed application of the provisions of the Agreement)**

Bolivia	(26 February 1998)
Morocco	(4 July 1998)
Turkey	(12 February 1994)

(ii) **Article 21.2 (delayed application of the computed value method)**

Bolivia	(26 February 2001)	Morocco	(4 July 2001)
Mexico	(10 March 1996)	Turkey	(12 February 1997)

(iii) **Protocol, paragraph I:3 (reservation concerning minimum values)**

India

(iv) **Protocol, paragraph I:4 (reservation concerning reversal of sequential order of Articles 5 and 6)**

Argentina	Malawi	Turkey
Brazil	Mexico	Zimbabwe
India	Morocco	

- (v) Protocol, paragraph I:5 (reservation concerning application of Article 5:2 whether or not the importer so requests)

Argentina

Brazil

India

Mexico

Morocco

Turkey

Zimbabwe

- (c) Observer status

In response to a request circulated in document VAL/W/58, Chinese Taipei was granted observer status in the Committee.

2. COMPOSITION OF THE COMMITTEE ON CUSTOMS VALUATION

Chairman: Mr. R. Tam (Hong Kong)
 Vice-Chairman: Mr. E. Kim (Republic of Korea)

Signatories

Argentina	Korea, Republic of
Australia	Lesotho
Austria	Malawi
Bolivia ¹	Mexico
Botswana	Morocco
Brazil	New Zealand
Canada	Norway
Cyprus	Poland ¹
Czech Republic	Romania
European Economic Community and its member States	Slovak Republic
Finland	South Africa
Hong Kong	Sweden
Hungary	Switzerland
India	Turkey
Japan	United States
	Yugoslavia ²
	Zimbabwe

Observers

(i) Governments:

Bangladesh	Malaysia
Bulgaria	Nicaragua
Cameroon	Nigeria
Chile	Pakistan
People's Republic of China	Peru
Colombia	Philippines
Côte d'Ivoire	Russian Federation
Cuba	Singapore
Ecuador	Sri Lanka
Egypt	Thailand
Indonesia	Trinidad and Tobago
Israel	Zaire

(ii) International Organizations:

Customs Co-operation Council (permanent observer)
 IMF
 UNCTAD

¹Subject to ratification

²"Yugoslavia" in this document refers to the former Socialist Federal Republic of Yugoslavia

3. MEETINGS OF THE COMMITTEE

Since the twelfth annual review, the Committee has held two meetings on 5 May 1993 and on 12 October 1993. The minutes of these meetings are contained in documents VAL/M/31 and VAL/M/32, respectively.

4. NATIONAL LEGISLATION PRESENTED

(i) Texts of national legislation

Article 25 of the Agreement requires each Party 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 submission of the complete texts of national legislation (VAL/M/1, paragraph 37).

Since the twelfth review, the following additional text has been submitted:

Argentina VAL/1/Add.22/Suppl.3

Following a request by certain delegations, legislations contained in documents VAL/1/Add.22/Suppl.2 (Argentina) and VAL/1/Add.25/Suppl.1 (Mexico) were translated into English and circulated in documents VAL/1/Add.22/Suppl.2/Rev.1 and VAL/1/Add.25/Suppl.1/Rev.1, respectively.

Annex I contains a complete list of national legislations that have been communicated to the Committee.

(ii) Checklist of issues

At its second meeting, the Committee had decided that Parties should provide written responses to a checklist of issues concerning their national laws, regulations etc. (VAL/M/2, paragraph 52). At its meeting of 13 November 1985, the Committee had added two questions to the checklist (VAL/M/14, paragraph 55).

Since the twelfth annual review no further replies to the checklist of issues have been submitted. Annex I contains a list of the replies that have been communicated to the Committee.

(iii) Examination of national legislations

The Committee continued its examination of the Argentinian, Romanian and Mexican legislations as had been agreed at its meeting of 3 November 1992. An in-depth discussion was held on the Argentinian legislation and clarifications on a number of issues were provided by the concerned delegation. The Committee decided to revert to the legislation of Argentina and to that of Mexico at its next meeting. It concluded its examination of the Romanian legislation without further discussion.

(iv) Status of the application of the Committee Decisions

Information on the status of the application of the Decision on the Treatment of Interest Charges in the Customs Value of Imported Goods (VAL/6/Rev.1) and of paragraph 2 of the Decision on the Valuation of Carrier Media Bearing Software for Data Processing Equipment

(VAL/8 and Add.1), made available by Parties is summarized in document VAL/W/34/Rev.5. At the meeting of 11 May 1987, it was agreed that Parties which had not yet done so, should furnish the required information on the date from which the Decision on interest charges would be applied.

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

During the year under review the Committee has not dealt with any of these matters.

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

At its meeting of 5 May 1993, following a request from the United States and some exchange of views, the Committee agreed to send back to the Technical Committee for further consideration, a case study adopted by the Technical Committee at its twenty-fifth session and relating to the issue of "price actually paid or payable".

7. **TECHNICAL ASSISTANCE**

Technical assistance aimed at providing information to assist countries in their consideration of joining the Agreement and at helping countries in their preparations for the application of the Agreement has continued to be a matter of high priority to Parties, the Committee on Customs Valuation and the Technical Committee. Technical assistance is being made available to both developing country Parties and other developing countries interested in the Agreement.

Information on technical assistance activities relating to the Agreement is contained in working document VAL/W/29/Rev.8 which reproduces information contained in CCC document 38.392.

8. **INFORMATION AND ADVICE FROM THE TECHNICAL COMMITTEE, AND GENERAL REPORT ON THE TECHNICAL COMMITTEE**

(i) **Meetings of the Technical Committee**

Detailed oral reports on the work of the twenty-fifth (29 March-2 April 1993) and twenty-sixth (4-8 October 1993) sessions of the Technical Committee on Customs Valuation of the Customs Co-operation Council were presented to the meetings of the Committee on Customs Valuation.

(ii) **Texts adopted by the Technical Committee**

The Technical Committee at its twenty-fifth session adopted the following instrument:

- Case study on application of price actually paid or payable.

However, at its meeting of 5 May 1993 the Committee on Customs Valuation agreed to send the case study back to the Technical Committee for further consideration (see paragraph 6).

(iii) **Information available through the Technical Committee**

The Technical Committee has established procedures for the dissemination of information on publications relating to national legislations where the texts in question are not covered by the procedures of the Committee on Customs Valuation, and for the circulation of declaration

forms for customs value. The Technical Committee also publishes an Index of rulings and conclusions on valuation questions issued by Parties. Details of information available through the Technical Committee are contained in Annex II of this note.

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 PARTIES IN APPLYING THE AGREEMENT

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

10. CONSULTATION AND DISPUTE SETTLEMENT

The Secretariat is not aware of any Party that has requested consultations under Article 19 of the Agreement. The provisions of Article 20 have not been resorted to.

11. PANELISTS

Paragraph 2 of Annex III of the Agreement states that each Party shall be invited to indicate at the beginning of every year to the Chairman of the Committee the name(s) of one or two governmental experts whom the Party would be willing to make available for panel work. Only Sweden nominated a person who would be available to serve on panels in 1993.

12. OTHER MATTERS RELATING TO IMPLEMENTATION

(i) Use of various valuation methods by Parties

It will be recalled that, at its meeting of 10-11 November 1983, the Committee agreed that a new data collection exercise should be postponed until additional countries were applying the Agreement, and decided to revert to this question at an appropriate future meeting. The question was not taken up in 1993.

13. ANNUAL REPORT TO THE CONTRACTING PARTIES

The Committee adopted its annual report to the CONTRACTING PARTIES in accordance with the requirements of Article 26 of the Agreement (L/....).

14. GENERAL APPRECIATION OF EXPERIENCE WITH IMPLEMENTATION AND OPERATION OF THE AGREEMENT

As in previous years, Parties have indicated general satisfaction with their experience with the operation and implementation of the Agreement, which has continued to contribute towards the realization of its objectives and to create clearly improved conditions for the conduct of international trade. While some three-fourths (see Annex III) of international trade is already subject to the provisions of the Agreement, this contribution would be enhanced by the adoption of the Agreement by more countries.

ANNEX I**Information on National Legislation**

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

<u>Signatory</u>	<u>National legislation</u>	<u>Replies to the Checklist of Issues</u>
Argentina	VAL/1/Add.22 + Suppl.1-3 + Suppl.2/Rev.1	VAL/2/Rev.2/Add.4
Australia	VAL/1/Add.14 + Suppl.1-4	VAL/2/Rev.1/Add.12 + Suppl.1
Austria	VAL/1/Add.10 + Suppl. 1	VAL/2/Rev.1/Add.3 + Suppl.1
Botswana	VAL/1/Add.16	Not received
Brazil	VAL/1/Add.20 + Suppl.1	VAL/2/Rev.2/Add.3
Canada	VAL/1/Add.17 + Suppl.1-3	VAL/2/Rev.1/Add.14
Cyprus	VAL/1/Add.26	VAL/2/Rev.2/Add.7
Czech Republic	VAL/1/Add.18 + Suppl.1/ Corr.1-2	VAL/2/Rev.1/Add.15 + Suppl.1
European Economic Community	VAL/1/Add.2 + Suppl.1-12	VAL/2/Rev.1/Add.6 + Suppl.1
Finland	VAL/1/Add.4 + Suppl.1-2	VAL/2/Rev.1/Add.5
Hong Kong	VAL/1/Add.9	Not applicable
Hungary	VAL/1/Add.6	VAL/2/Rev.1/Add.4
India	VAL/1/Add.24 + Suppl.1	VAL/2/Rev.2/Add.6
Japan	VAL/1/Add.7	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	VAL/2/Rev.2/Add.1 + Suppl.1
Lesotho	VAL/1/Add.21 + Suppl.1	VAL/2/Rev.2/Add.2
Malawi	VAL/1/Add.27	Not received
Mexico	VAL/1/Add.25 + Suppl.1 + Suppl.1/Rev.1	
New Zealand	VAL/1/Add.12 + Suppl.1	VAL/2/Rev.1/Add.10
Norway	VAL/1/Add.11 + Corr.1 + Suppl.1-2	VAL/2/Rev.1/Add.7
Poland	VAL/1/Add.28	
Romania	VAL/1/Add.8 + Suppl.1-2	VAL/2/Rev.1/Add.9
Slovak Republic	VAL/1/Add.18 + Suppl.1/ Corr.1-2	VAL/2/Rev.1/Add.15 + Suppl.1
South Africa	VAL/1/Add.15 + Corr.1 + Suppl.1-3	VAL/2/Rev.1/Add.13
Sweden	VAL/1/Add.3	VAL/2/Rev.1/Add.2 + Suppl.1
Switzerland	VAL/1/Add.5	Not applicable
Turkey	Not yet applying the Agreement	
United States	VAL/1/Add.1 + Suppl.1-5	VAL/2/Rev.1/Add.1
Yugoslavia	VAL/1/Add.13	VAL/2/Rev.1/Add.1
Zimbabwe	VAL/1/Add.23	VAL/2/Rev.2/Add.5

ANNEX II**Information relevant to the implementation and administration of the Agreement disseminated through the Technical Committee****A. Dissemination of information on national legislation, etc.**

The Technical Committee has established procedures for the dissemination of information on national publications relating to the adoption and implementation of the Agreement other than those texts circulated to the Committee on Customs Valuation under the procedures relating to the notification of national legislation. The following Parties have informed the Technical Committee, in the CCC documents specified, of publications that they would make available on request:

<u>Party</u>	<u>CCC document number</u>
Australia	28.311
Canada	28.619 and 29.275
European Economic Community	27.182
Hungary	34.898
Japan	27.182
New Zealand	29.939
Sweden	27.703
United States	27.292 and 28.109

B. Declaration forms

Declaration forms for valuation purposes of the following Parties have been circulated in the CCC documents indicated:

<u>Party</u>	<u>CCC document number</u>
Austria (provisional translation)	29.276
Canada	32.005, 32.459, 32.942, 36.625
Czech Republic	38.189
European Economic Community	26.916
Finland	27.484
India	35.197
Japan	27.473
Korea, Rep. of	34.294
New Zealand	29.938
Norway	32.211
Sweden	28.225
Yugoslavia	35.188
Zimbabwe	36.376

C. Index of rulings

The Technical Committee has included in its compendium on the Agreement an index listing rulings and conclusions on valuation questions issued by countries applying the Agreement. Parties interested in a particular ruling can request the full text from the issuing administration.

ANNEX III**Trade subject to the Agreement on Customs Valuation - 1992**
(US\$ billion)

	<u>Imports c.i.f.</u>	<u>Percentage Share</u>
Total World Imports	2,961.03(1)	100.0
of which:		
Signatories applying the Code:		
Argentina	14.87	0.5
Australia	43.73	1.5
Austria	54.14	1.8
Botswana	2.43	0.1
Brazil	23.07	0.8
Canada	129.15	4.4
Cyprus	3.31	0.1
Czech Republic	8.93(3)	0.3
EEC	631.76(1)	21.3
Finland	21.21	0.7
Hong Kong	123.43	4.2
Hungary	11.12	0.4
India	23.56	0.8
Japan	233.25	7.9
Korea, Rep. of	81.78	2.8
Lesotho	0.82(2)	0.0
Malawi	0.74	0.0
Mexico	62.07	2.1
New Zealand	9.20	0.3
Norway	25.91	0.9
Poland	16.67(3)	0.6
Romania	5.90(3)	0.2
Slovak Republic	3.63(3)	0.1
South Africa	21.12	0.7
Sweden	49.92	1.7
Switzerland	65.72	2.2
United States	553.92	18.7
Yugoslavia	11.75(3)	0.4
Zimbabwe	2.01(2)	0.1
Sub-total	2,235.12	75.5
Signatories which have delayed application of the Code:		
Bolivia	1.04(3)	0.0
Morocco	7.35	0.2
Turkey	22.88	0.8
Sub-total	31.27	1.1
Total of Signatories	2,266.39	76.5

(1) Excluding trade between EEC member States.

(2) 1991 imports.

(3) Estimates.