



The Agreement on Customs Valuation

Objectives and Structure of this Presentation

Why rules on customs valuation?

The WTO Agreement on Customs Valuation

Methodologies to value goods

Why Rules on Customs Valuation

To address the need for a

fair,

Uniform &

neutral system

for the valuation of goods for customs purposes that precludes the use of arbitrary or fictitious customs values

Why Rules on Customs Valuation

The use of arbitrary, fictitious and inappropriate “augmentations” by Customs in the valuation of imported goods when they apply tariffs can result in an unwarranted doubling or tripling of duties.

The result of this inflated valuation is that exporters lose the benefits of the reduced rate of tariffs that have been negotiated, thereby losing out on its market access.

Ensure that regular customs operations

do not hinder unnecessarily international trade

are not used to offset concessions that WTO Members have exchanged between one another

While at the same time recognizing the discretionary autonomy that Customs Authorities must retain in order to fulfil their objectives: ensure security, promote product safety, aud1.735 0 50

Customs management and regulation under the GATT...

- Examples:

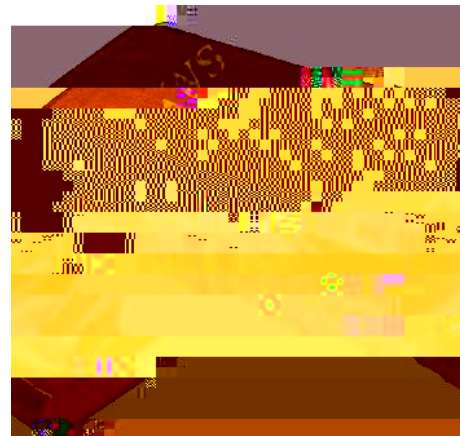
Art. V – freedom of transit

Art. VII – Valuation for Customs Purposes

Art. VIII – Fees and formalities connected with importation and exportation

Art. IX – marks of origin

Art. X – publication and administration of trade regulations



Customs Valuation in the Tokyo Round

Customs Valuation in the Uruguay Round

- Less than one-third of the GATT contracting parties had signed the GATT Valuation Agreement.
- The Uruguay Round negotiations aimed to “improve, clarify, or expand, as appropriate”, the Tokyo Round Code
- To make the Valuation Code a multilateral trade agreement that Members would be obliged to implement
- The UR negotiations resulted in the current ‘valuation rules’

Customs Valuation in the Uruguay Round

- The Agreement on the Implementation of Article VII of GATT 1994 – known as the Customs Valuation Agreement
- The terms of the Tokyo Protocol were incorporated into the WTO Valuation Agreement
- Special provisions for developing and least-developed countries

Current Valuation Rules

1. The Customs Valuation Agreement

2. Ministerial Decisions related to the CVA

A Decision regarding cases where Customs have reason to doubt the truth or Accuracy of the Declared Value

A Decision on Texts relating to Minimum Values and Imports by Sole Agents, Sole Distributors and Sole Concessionaires

3. The Committee on Customs Valuation in 1995 added another decision:

The Decision concerning the Interpretation (5) and Administration (4) of the Agreement (G/VAL/5)

The Customs Valuation Agreement

Part I: Rules on customs valuation (Articles 1-17)

Part II: Administration, consultations & dispute settlement
(Articles 18 and 19)

Part III: Special & differential treatment (Article 20)

Part IV: Final provisions (Articles 21-24)

Part II (Administration, Consultations, and Dispute Settlement): Articles 18-19

Article 18: Establishes two Committees:

WTO Valuation Committee – Geneva (policy issues) e.g. implementation issues; software decision

Technical Committee on Customs Valuation, WCO in Brussels

Article 19: Consultations and disputes

Part III: Special and Differential Treatment (Article 20)

When the World Trade Organization was created in 1995, signatories were obliged to accept all GATT instruments, including the WTO Valuation Agreement

In recognition of this, special arrangements were

Part IV (Final Provisions): Articles 21-24)

Article 21: Reservations

Importance of Customs Value

- Importation of bananas (10€/Kg):
 - Import duties:
 - « 2€/Kg » (specific)
 - « 20% » (ad valorem)

2 - Transaction value of identical goods

Value for Duty

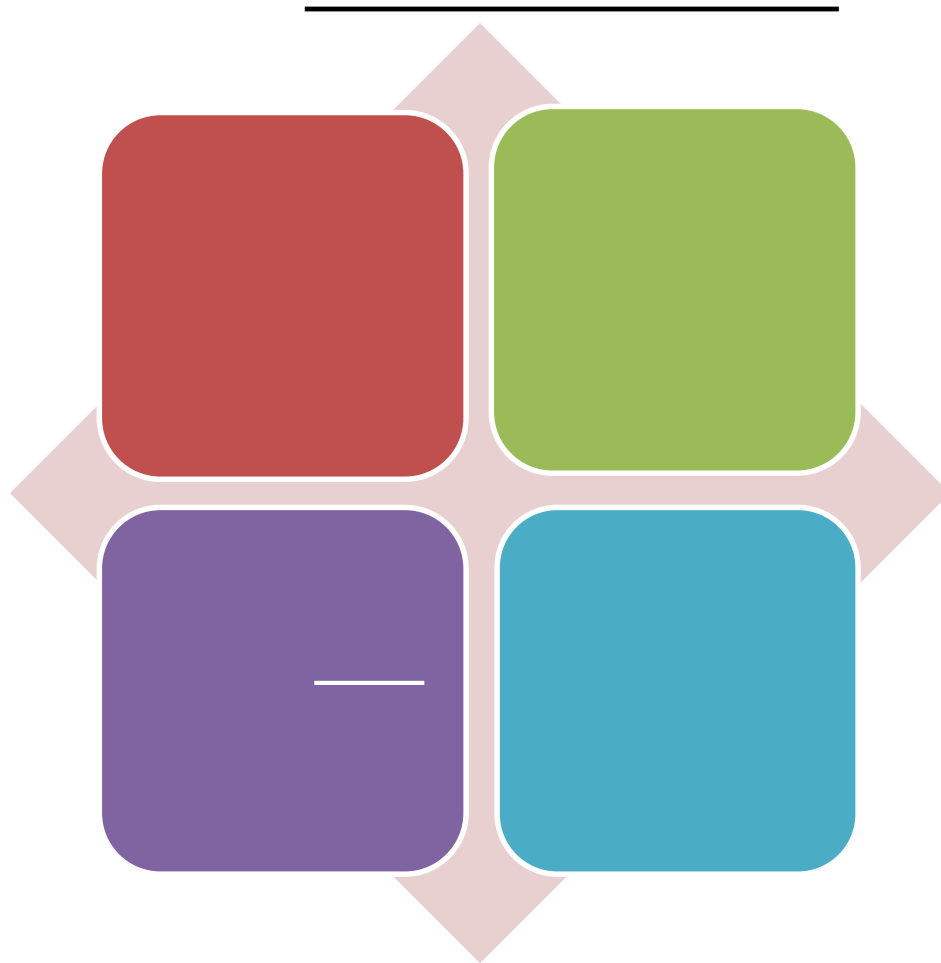
- Selling price of goods domestically produced
- Higher of two alternative values
- Price of goods in the domestic market of the country of exportation
- Cost of production other than computed values
- The price of goods for export to a country other than the country of importation
- Minimum customs values
- Arbitrary and fictitious values

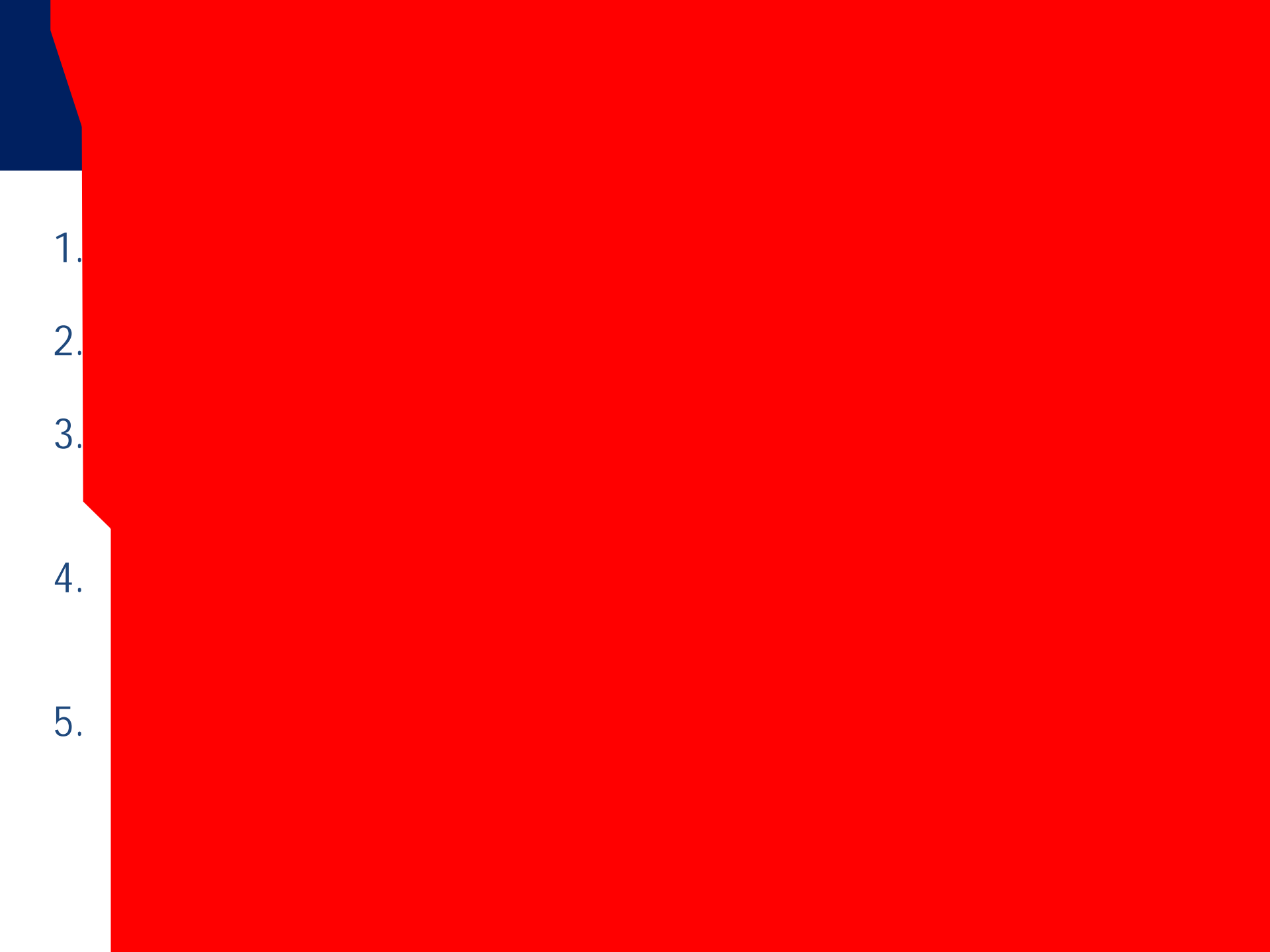


- Customs may

Notifications on Customs Valuation

1	Copy of national legislation	G/VAL/5, B.2	One-off	N/1
2	Changes in legislation	CVA, Art. 22.2	Ad hoc	N/1
3	Checklist of issues	G/VAL/5, B.3	One-off	N/2
4	Treatment of Interest charges	G/VAL/5, A.3	One-off	N/3
5	Para. 2 carrier media (software)	G/VAL/5, A.4	Ad hoc	N/3





1.

2.

3.

4.

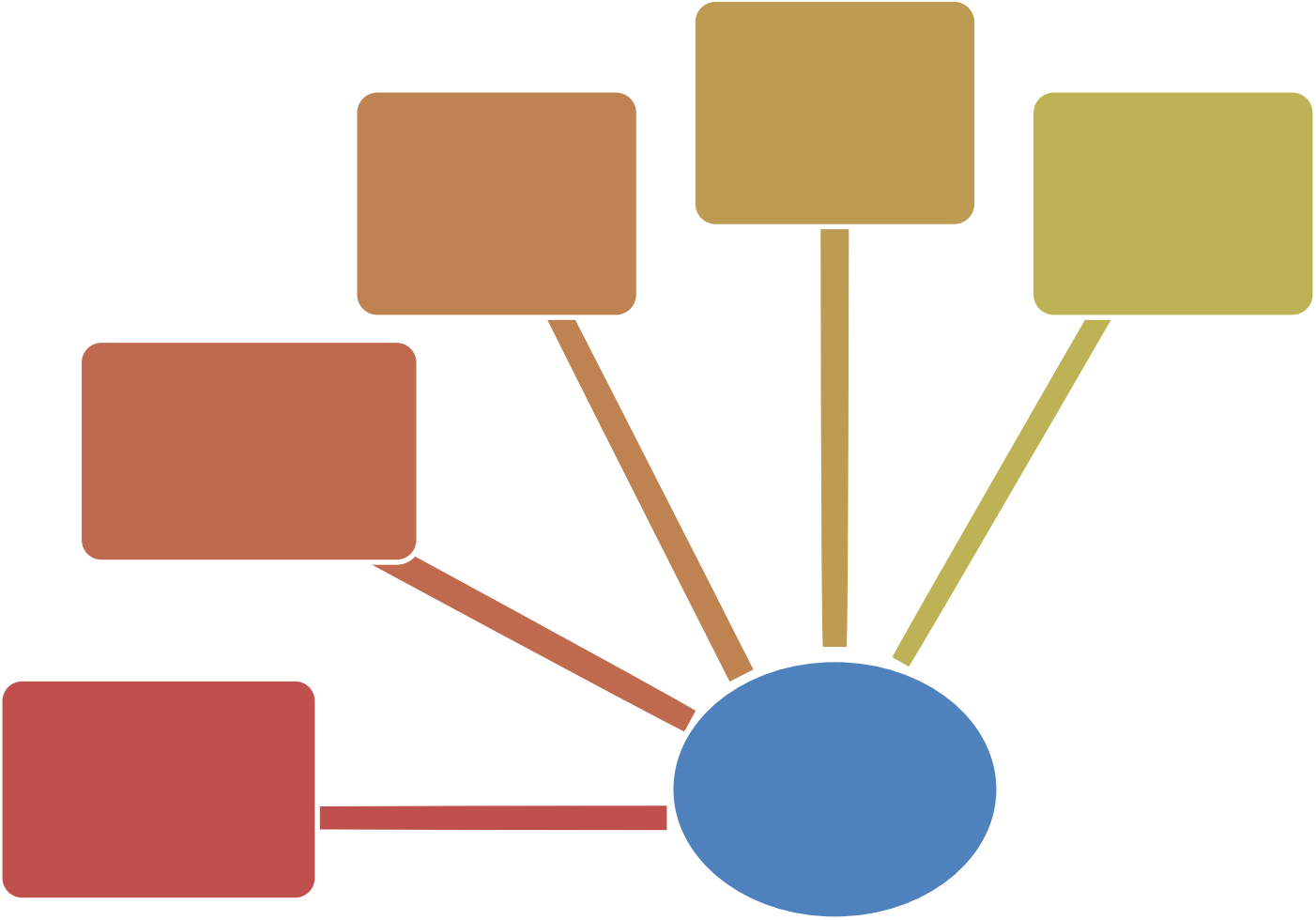
5.

Whatever amount the buyer agrees to pay the seller to obtain the goods

Customs cannot

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- The sale must be one .
- The seller can be located in any country (incl. importing cont.)
- The sale of goods
- Thus, n s24 - 43.885 233.485 Tm(T)2 (hus)1 (,)-5 (n)-2 ()-10 (s24 - 438



Definition of related parties – Art. 15



How should Customs proceed?

Buyer and Seller are
found to be related



Not in itself grounds for
rejecting the T.V.

Main question: Was the price
influenced by the relationship?



Review:

1. Observe the circumstances
surrounding the sale **OR**
2. Measure against test values

Normally importer's option

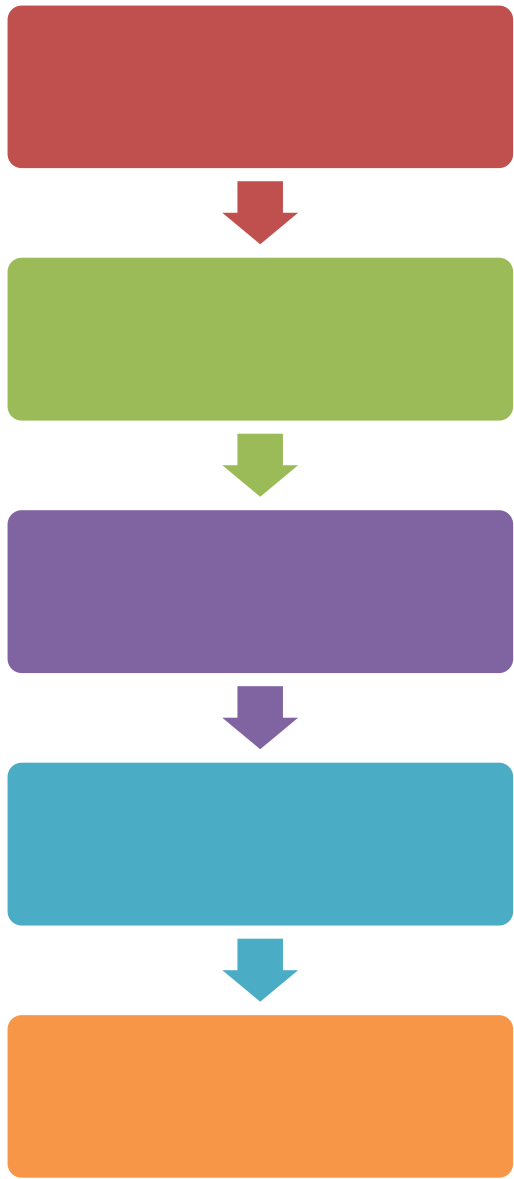


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1. Price paid or payable
2. For the goods
3. When sold for export

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Order MUST be followed



CVA and the WTO Accession Process

The aim of the active members of accession Working parties has been to ensure as far as possible that the WTO rules on valuation are implemented in full from the date on which new Members accede.

The baseline Protocol commitment is therefore:

“The representative of [X] confirmed that [it] would implement the provisions of the WTO, including the Agreement on the Implementation of Article VII, concerning customs valuation in full from the date of accession to the WTO”.

Notifications under Articles

The purpose of the notification requirements as laid down in Article 22.1 is simply to provide transparency to the Committee on the implementation of the Customs Valuation Agreement by each Member, and the procedure is pretty straightforward.

- The notification of Customs Legislation is simply to provide the Committee with the title and details of a Member's national legislation which covers customs valuation, as well as a copy of the relevant texts.
- Regarding the notification of Replies to the Checklist of Issues, the Checklist of Issues serves as a basis for an initial examination of the national legislation of each Member by the Committee. The document consists of a standard list of questions regarding certain articles of the Customs Valuation Agreement which Members are required to answer and notify to the Committee.

Notifications under Articles

The remaining two notifications relate to two decisions taken by the Committee concerning the interpretation of the Agreement:

1. Decision on the Treatment of Interest Charges

With regard to the Decision on the Treatment of Interest Charges, any Member that applies this Decision must notify the date from which they have implemented it.

2. Decision on Carrier Media

With regard to the Decision on Carrier Media, again, each Member must notify the Committee whether they apply paragraph 2 of this Decision.

THANK YOU