

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/5912

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Limited Distribution

REPORT (1985) OF THE COMMITTEE ON CUSTOMS VALUATION

1. The Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade entered into force on 1 January 1981. The following are Parties to the Agreement and members of the Committee established under it: Argentina¹, Australia, Austria, Botswana, Brazil, Canada, Czechoslovakia, European Economic Community, Finland, Hungary, India, Japan, Republic of Korea, Malawi, New Zealand, Norway, Portugal, Romania, South Africa, Spain, Sweden, Switzerland, United Kingdom for Hong Kong, the United States and Yugoslavia. Of these, Australia, Austria, Botswana, Canada, Czechoslovakia, the European Economic Community, Finland, Hungary, Japan, New Zealand, Norway, Portugal, Romania, South Africa, Sweden, Switzerland, the United Kingdom for Hong Kong, the United States and Yugoslavia are applying the Agreement, while the other countries have delayed the application of the Agreement under the provisions of Article 21.1.

2. The following twenty-one contracting parties have observer status: Bangladesh, Chile, Colombia, Cuba, Egypt, Indonesia, Israel, Ivory Coast, Malaysia, Nicaragua, Nigeria, Pakistan, Peru, Philippines, Poland, Singapore, Sri Lanka, Thailand, Trinidad and Tobago, Turkey and Zaire. Two non-contracting parties, Bulgaria and Ecuador, are also observers. In view of the special responsibilities and functions assigned to it under the Agreement, the Customs Co-operation Council has been accorded permanent observer status. Two other international organizations (IMF and UNCTAD) have attended the meetings of the Committee in an observer capacity.

Developments since the Committee's last report (21 November 1984)

3. Canada implemented the Agreement with effect from 1 January 1985 (VAL/14). Portugal accepted the Agreement on 14 October 1985.

4. During the reporting period the Committee has held three meetings:

9-10 May 1985 - (VAL/M/13 and L/5805)

9 May 1985 (special meeting) - (VAL/M/12)

13 November 1985 - (VAL/M/14 (to be issued) and L/5916)

5. At its meeting of 9 November 1984, the Committee had agreed that countries having observer status in the Committee would be invited to participate in informal consultations on the question of possible accession, including any difficulties or problems in this connection, to be organized by the secretariat, on the basis of a number of questions

¹Subject to ratification.

suggested by certain delegations. These consultations were held on 16 April 1985. A report on them was presented to the Committee's special meeting held on 9 May 1985 (VAL/M/12, paragraphs 2-4). In addition to the information from observers summarized there, document VAL/W/30 contains the views subsequently presented by the observer from Ecuador. A communication was also received from Belize, which the Committee invited the Technical Committee to examine. At its November 1985 meeting, the Committee took note of the report prepared by the Technical Committee on this matter (VAL/W/32) and forwarded a copy to the Belize authorities.

6. The special meeting of the Committee on 9 May 1985 was held in pursuance of the CONTRACTING PARTIES' decision of 30 November 1984 on the MTN Agreements and Arrangements (reproduced in document VAL/W/27), which invited each Committee or Council of an MTN agreement or arrangement to examine in a special meeting the adequacy and effectiveness of the Agreement or Arrangement in question and the obstacles to acceptance which contracting parties may have faced, providing an opportunity to non-signatory contracting parties to express their views in the discussion. For this meeting, the Committee had before it a secretariat note, document VAL/W/28, reproducing what the Committee had previously said on these matters and providing information on subsequent relevant developments. The results of the meeting (VAL/M/12 and VAL/W/28) were made available to the secretariat for use in the preparation of the report (MDF/12) which was examined by the Working Group on MTN Agreements and Arrangements. In so doing, the Committee reaffirmed its previous assessments that, taken as a whole, experience with the implementation and operation of the Agreement had been very positive.

7. At its May and November meetings, the Committee was provided information by certain Parties scheduled to apply the Agreement shortly on their preparations for implementation of the new valuation system. One signatory outlined its proposals for the retention of certain officially-established minimum values on a limited and transitional basis pursuant to paragraph 3 of the Protocol. The Committee agreed to revert to the question of the terms and conditions of such a reservation at its April 1986 meeting when written details from the Party concerned would be available. Argentina requested a two-year extension of its period of delay before applying the provisions of the Agreement, pursuant to paragraph 2 of the Protocol. The Committee agreed that, taking into account the situation in regard to the ratification of the Agreement by Argentina, there was no objection to Argentina's intention to apply the provisions of the Agreement with effect from 1 January 1988. At the Committee's November meeting, another signatory requested, pursuant to paragraph 2 of the Protocol, a three and a half year extension of its period of delay before applying the provisions of the Agreement. The Committee agreed that delegations would obtain a reaction to this request as quickly as possible. If no objection was received by the secretariat by close of business on 29 November 1985, the Committee would be deemed to have agreed in principle at this preliminary stage to an extension and would consider the specific duration of this extension at its first meeting in 1986. If an objection was received, a regular meeting of the Committee would be held on 9 December 1985 to consider the request by this Party.

8. The Committee has continued its detailed examination of national implementing legislation. At its May meeting, the Committee took note of responses to questions concerning the legislation of a Party asked at a previous Committee meeting. At its November meeting, the Committee took up

the examination of the legislation of Canada, Czechoslovakia and Botswana. In regard to the Canadian legislation, certain questions were put and answers provided; the Committee agreed to revert to this matter at its April 1986 meeting when a document containing additional questions by Parties and replies by Canada would be available. After hearing statements on the Czechoslovak legislation, the Committee agreed to revert to this matter at its April 1986 meeting when additional information from the Czechoslovak authorities would be available. On the Botswanan legislation, the Committee had before it a document (VAL/16) containing comments by a Party and replies by Botswana; the Committee expressed appreciation of the action taken by Botswana to meet certain of the concerns raised.

9. The Committee has reviewed 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), on the basis of information made available by Parties in documents VAL/9 and Addenda (Decision on interest charges) and VAL/11 and Addenda (Decision on software).

10. The Committee settled a question relating to the linguistic consistency between the English, French and Spanish texts of the Agreement by inserting the following statement in the minutes, on the understanding that this would be without prejudice to rights and obligations under the Agreement and that members of the Committee could revert to the matter should the need arise. The Parties to the Agreement considered that the terms "development" in English, "travaux d'études" in French and "creación y perfeccionamiento" in Spanish in Article 8.1(b) are understood to exclude "research" in English, "recherche" in French and "investigación" in Spanish, as stated in paragraph 6 of VAL/W/24/Rev.1. However, one signatory, Argentina, considered that, as used in Article 8.1(b), the Spanish expression "creación y perfeccionamiento" could not be interpreted as allowing any part of the value to be excluded from the "creación y perfeccionamiento" (VAL/M/13, paragraph 40).

11. 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. The information documents, prepared by the CCC Secretariat for the Technical Committee, describing technical assistance activities relating to the Agreement have been circulated as Committee documents (VAL/W/29 and Rev.1) to facilitate the greater transparency of technical assistance activities in GATT circles. A communication was received from Bangladesh drawing attention to its technical assistance requirements in connection with the Agreement (VAL/15).

12. A detailed oral report on the work of the ninth session of the Technical Committee was presented by the observer from the Customs Co-operation Council to the 9-10 May 1985 meeting of the Committee on Customs Valuation. The Chairman of the Technical Committee presented a detailed oral report on the work of the tenth session of the Technical Committee to the 13 November meeting of the Committee on Customs Valuation. The Committee expressed its appreciation for the continued valuable work of the Technical Committee.