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GENERAL AGREEMENT ON TARIFFS AND TRADE

REPORT (1988) 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: Argentina, Australia, Austria, Botswana, Brazil, Canada, Czechoslovakia, European Economic Community, Finland, Hong Kong, Hungary, India, Japan, Republic of Korea, Lesotho, Malawi, Mexico, New Zealand, Norway, Romania, South Africa, Spain, Sweden, Switzerland, Turkey, United States, Yugoslavia and Zimbabwe.

2. The following contracting parties have observer status: Bangladesh, Cameroon, Chile, Colombia, Côte d'Ivoire, Cuba, Egypt, Indonesia, Israel, Malaysia, Nicaragua, Nigeria, Pakistan, Peru, Philippines, Poland, Singapore, Sri Lanka, Thailand, Trinidad and Tobago, and Zaïre. Three non-contracting parties, Bulgaria, the People's Republic of China, 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 (26 November 1987)

3. During the reporting period, the Committee has held two meetings:

3 May 1988 (VAL/M/22 and L/6351); and
11 October 1988 (VAL/M/23 to be issued, and L/6412).

4. Mexico ratified its acceptance of the Agreement on 9 February 1988 (VAL/31/Add.1). Mexico has delayed the application of the Agreement under the provisions of Article 21.1.

5. Spain informed the Committee of its withdrawal as a Party to the Agreement in an individual capacity, with effect from 25 January 1988 (VAL/34).

6. In response to a request by India under the provisions of paragraph I:2 of the Protocol, the Committee had extended the period of delay before application of the provisions of the Agreement by this country until 1 October 1987. In a communication dated 26 January 1988, the United States informed the Committee that the application of the Agreement between the United States and India had been suspended. At its meeting on 11 October 1988, the Committee was informed that the Bill amending the Customs Act of 1962 and the implementing legislation had been brought into force on 16 August 1988.

7. With regard to its reservation under paragraph I:3 of the Protocol, in November 1987, Brazil had withdrawn a number of items from the list of products subject to minimum values and reference prices (VAL/W/36/Add.2). At its meeting on 11 October 1988, the Committee noted with satisfaction that Brazil had been able to abolish the use of officially-established minimum values and reference prices as from 22 July 1988 (VAL/W/36/Add.3), in accordance with the relevant decision of June 1986 (VAL/M/18).

8. During the reported period, the Committee addressed the implementation and administration of the Agreement by Argentina, Australia, Brazil and Zimbabwe, on the basis of written and oral information provided by these countries. It completed the examination of the implementing legislations of Brazil and Zimbabwe at its meetings on 3 May and 11 October 1988, respectively. At the latter meeting, it also took note of the comments made by a number of Parties regarding the recent amendments to the national legislation of Australia. It will revert to the implementing legislations of Argentina and Australia at its next meeting when it also expects to take up the legislation of India.

9. At its meeting on 3 May 1988, the Committee took note of the information (VAL/W/34/Rev.4) on the status of application of the Committee decisions, respectively on the treatment of interest charges (VAL/6/Rev.1) and on the valuation of carrier media bearing software for data processing equipment (VAL/8), and agreed to revert to this matter at future meetings if so requested by a Party.

10. Detailed oral reports on the work of the fifteenth and sixteenth sessions of the Technical Committee, held respectively on 14-17 March and 3-6 October 1988 were presented by the Chairperson of that Committee to the meetings of the Committee on Customs Valuation of 3 May 1988 and 11 October 1988. At its March meeting, the Technical Committee had adopted the following six advisory opinions relating to technical matters: treatment of a situation where the sale or price is subject to some condition or consideration for which a value can be determined with respect to the goods being valued; quota charges paid by the buyer to the seller of the goods; quota charges paid by the buyer to a third person (e.g. a broker or an agent); scope and implication of Article 11 of the Agreement; implications of Article 13 of the Agreement; and application of Article 17 of the Agreement and paragraph 7 of the Protocol. At its meeting on 11 October the Committee heard the concerns expressed by several Parties on the subject of the treatment of quota charges, and agreed to revert to this matter at its next meeting.

11. As regards the question of private companies engaged in customs valuation on behalf of governments, the Committee noted that the activities of pre-shipment inspection companies were being addressed in a wider forum in GATT and agreed to suspend the relevant item from the agenda of its meetings for the time being, on the understanding that it could revert to it at any time at the request of a Party.

12. The Committee took note of current technical assistance activities on the basis of a summary note prepared by the Customs Co-operation Council,

which was circulated as a Committee document (VAL/W/29/Rev.3), and of oral reports by Parties.

13. The Committee held its eighth annual review under Article 26 at its meeting on 11 October 1988, on the basis of a background note by the secretariat (VAL/W/47).

14. At its meeting on 3 May 1988, the Committee heard a statement by the delegation of India, explaining the motives in raising the issue of "the burden or proof regarding the transaction value" in the Negotiating Group on MTN Agreements and Arrangements (MTN.GNG/NG8/W/9, section (ii)). After a brief exchange of views, the Committee agreed to revert to the matter, as necessary, in the light of the discussion in NG8.