

Customs Valuation Workshop



Baku, Azerbaijan
27 February – 3 March 2023

WTO Customs Valuation Agreement



CUSTOMS VALUATION

Background to the WTO Agreement



HISTORICAL BACKGROUND

(1) The GATT raised various questions about Customs processes but there was no institution responsible for examining Customs issues

1947

(2) Thirteen European countries established a Study Group to examine the Customs issues identified by the GATT and this led to the decision to create an international Customs body

1948

1950

(3) The Convention establishing a Customs Co-operation Council (CCC) was signed in Brussels

1952

(4) The CCC Convention entered into force on 4 November 1952

1953

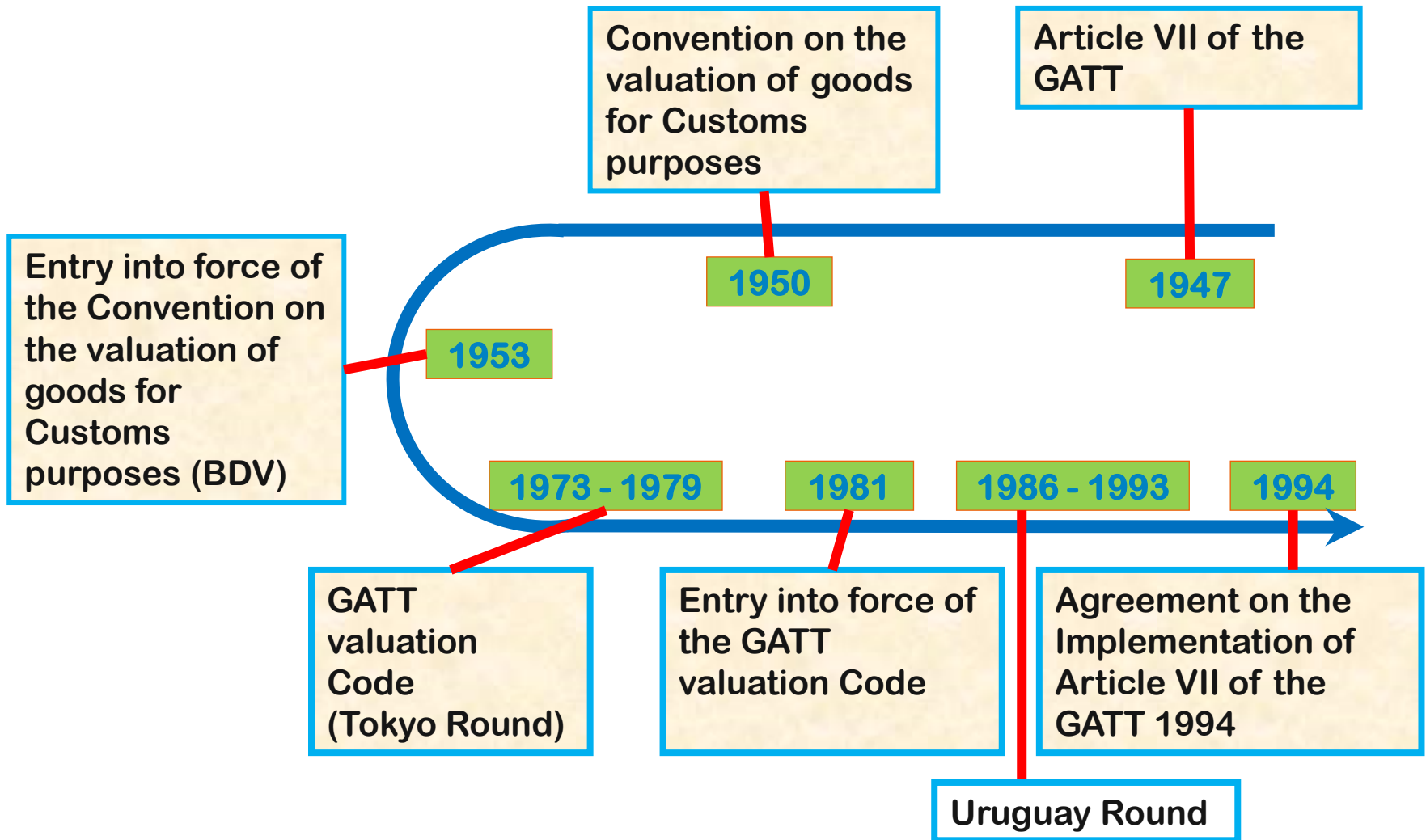
(5) The inaugural session of the CCC Council was held on 26 January 1953 with 17 founding Members

1994

(6) In 1994, the CCC adopts the name WCO



The path to a fair and neutral international system



History of the WTO Valuation Agreement



- Article VII of GATT 1947: “*actual value*”
- Tokyo Round : 1979
 - Valuation Code created : a uniform, fair and neutral system for valuation
 - Hierarchy of methods, primacy given to “transaction value”
- Uruguay Round : 1993
 - Formation of WTO
 - WTO Agreement ; (same text as Valuation Code + new WTO Decisions)



COMPARISON with BDV

BDV

- Dates back to early 1950s
- A “notional” concept
- Based on “open market price”

WTO Agreement

- Introduced in 1980 during Tokyo GATT Round
- A “positive” concept
- Based on “actual value” or “nearest ascertainable equivalent”
- An obligation for all WTO Member countries

WTO Valuation Agreement + Texts



- WCO Valuation Compendium includes:
 - Article VII of GATT
 - Text of Agreement
 - Technical Committee instruments
-
- * Online, CD-ROM and hard copy versions





What is the Technical Committee on Customs Valuation ?

❖ TCCV established under the auspices of the WCO -

Responsibilities include :

- ❖ ensuring uniformity of treatment
- ❖ examining specific technical problems, draft instruments
- ❖ studying valuation laws, procedures and practices
- ❖ facilitating technical assistance





Article VII of GATT: Basic Principles

- Based on ACTUAL value of the imported merchandise
- Where not ascertainable (e.g. no sale), use nearest ascertainable equivalent value
- It must NOT be based on arbitrary or fictitious values
- Actual value may be represented by ...
 ...invoice price



General Introductory Commentary Agreement on CV - Key Points

- Primary basis for customs value is “transaction value”
- = price actually paid or payable plus certain adjustments
- Transaction value to be used to “greatest extent possible”
- Consult with importer where transaction value cannot be determined or no sale exists
- Follow hierarchy of alternative methods
- Use of generally accepted accounting principles
- "The customs value of imported goods shall be the transaction value, that is the price actually paid or payable ..." (emphasis added), except under certain specified circumstances.



PART I Rules On Customs Valuation (Article 1 –17)

- **Article 1** – Transaction value: price paid or payable
- **Article 2** – Transaction value of identical goods
- **Article 3** – Transaction value of similar goods
- **Article 4** – Hierarchy of method
- **Article 5** – Deductive method



PART I Rules On Customs Valuation (Article 1 –17)

- **Article 6** – Computed value method
- **Article 7** – Fallback method
- **Article 8** – Transaction value: Adjustments to price paid or payable



PART I Rules On Customs Valuation (Article 1 –17)

- **Article 9** - Currency conversion
- **Article 10** - Confidentiality
- **Article 11** – Importer’s right to appeal without penalty.



PART I Rules on Customs Valuation (Article 1 –17)

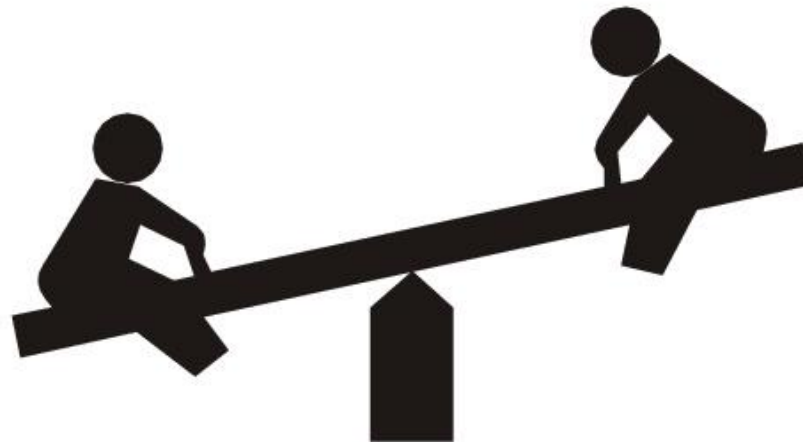
- **Article 13** - Obligation to provide for a guarantee system

- If it becomes necessary to delay final determination of the value, the importer of the goods shall be able to withdraw them if the importer provides sufficient guarantee in the form of a surety, a deposit or some other appropriate instrument, covering the ultimate payment of Customs duties for which the goods may be liable.

PART I Rules on Customs Valuation (Article 1 –17)



- **Article 16** - Rights of importers to a written explanation
- **Article 17** - Rights of Customs Administrations



Other parts of the Agreement



- Part II (Articles 18 – 19)
 - Administration, Consultation and Dispute Settlement
- Part III (Article 20)
 - Special and differential treatment
- Part IV (Article 21 – 24)
 - Final Provisions
- Annexes I - III

Thank You.

Any Question?