

WORLD TRADE ORGANIZATION

RESTRICTED
G/VAL/M/42
14 December 2006

(06-5991)

Committee on Customs Valuation

MINUTES OF THE MEETING OF 6 OCTOBER 2006

Chairman: Diana Reaich (New Zealand)

The agenda proposed for the meeting, circulated in WTO/AIR/2895 was adopted as follows:

I.	REPORT OF THE WORK OF THE TECHNICAL COMMITTEE ON CUSTOMS VALUATION	1
II.	INFORMATION ON IMPLEMENTATION AND ADMINISTRATION OF THE AGREEMENT	2
III.	INFORMATION ON THE APPLICATION OF DECISIONS OF THE COMMITTEE ON CUSTOMS VALUATION.....	4
IV.	TECHNICAL ASSISTANCE	5
V.	QUESTIONS TO THE DELEGATION OF COLOMBIA REGARDING CERTAIN CUSTOMS MEASURES APPLIED TO IMPORTS OF GOODS FROM PANAMA AND OTHER WTO MEMBERS	5
VI.	TRANSITIONAL REVIEW IN ACCORDANCE WITH PARAGRAPH 18 OF THE PROTOCOL OF ACCESSION OF THE PEOPLE'S REPUBLIC OF CHINA	7
VII.	REPORT OF THE COMMITTEE TO THE COUNCIL FOR TRADE IN GOODS	9
VIII.	FOURTH, FIFTH, SIXTH, SEVENTH, EIGHTH, NINTH, TENTH, ELEVENTH AND TWELFTH ANNUAL REVIEWS OF THE IMPLEMENTATION AND OPERATION OF THE CUSTOMS VALUATION AGREEMENT	10
IX.	PRESHIPMENT INSPECTION	10
X.	PARAGRAPH 12 OF THE DOHA MINISTERIAL DECLARATION (WT/MIN(01)/DEC/1): IMPLEMENTATION-RELATED ISSUES.....	11
A.	PARAGRAPH 8.3 OF DOCUMENT WT/MIN/(01)/17	11
XI.	OTHER BUSINESS.....	12
A.	DATE OF THE NEXT MEETING	12
I.	REPORT OF THE WORK OF THE TECHNICAL COMMITTEE ON CUSTOMS VALUATION	

1.1 The Chairman informed Members that the representative of the World Customs Organization did not attend this meeting because the Technical Committee had not met since the last meeting of the WTO Committee. Information about the 21st and 22nd sessions of the Technical Committee was

reported at the April meeting of the WTO Committee; information on the 23rd Session will be provided at the next meeting in 2007.

1.2 The Committee took note of the information.

II. INFORMATION ON IMPLEMENTATION AND ADMINISTRATION OF THE AGREEMENT

(i) Notification of national legislation

2.1 The Chairman recalled that Article 22 of the Agreement on Customs Valuation (hereafter, the Agreement) required each Member to inform the Committee of any changes in its laws and regulations relevant to the Agreement, and of any changes in the administration of such laws and regulations. In addition, the Decision on Notification and Circulation of National Legislation, adopted by the Tokyo Round Committee, required each Member to notify its legislation to the Committee. She suggested that, under this sub-item, the Committee take up the legislations in sequence as listed in the agenda. She further recalled that the notification of legislation by the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu had been presented to the Committee. However, the examination of this notification remained suspended since the Committee's meeting on 4-5 November 2002 pending resolution of the difference in views between the parties involved on notifications across the WTO. She noted his appreciation for the flexibility of the parties involved in allowing the Committee to proceed with the examination of other notifications.

- Thailand

2.2 The Chairman recalled that at the last meeting, Members agreed to revert to Thailand's notification in G/VAL/N/1/THA/1 and the responses to the Checklist of Issues in G/VAL/N/2/THA/1. The United States circulated questions to Thailand in G/VAL/W/128, and Thailand's replies were circulated in G/VAL/W/130. Follow-up questions from the United States were circulated in document G/VAL/W/143.

2.3 The representative of Thailand informed Members that her customs authority had provided answers to the US questions yesterday. These had also been circulated to Members at this meeting. Her delegation hoped that the US would be satisfied with these answers and that they would adequately convince Members that Thai customs valuation regulations and practices were in accordance with the WTO Customs Valuation Agreement. Should Members require further information, her delegation was ready to comply.

2.4 The representative of the United States thanked Thailand for the responses which her delegation would need to study. She asked that the Committee revert to this matter at the next meeting so that her delegation could react to the responses.

2.5 The representative of the European Communities also looked forward to studying Thailand's responses. His delegation had heard informally that, in Thailand, new draft legislation had appeared, which would actually update and revise at least Article 11*bis*, which had come under questioning in the Committee. His delegation looked forward to reading about this legislation in the responses.

2.6 The representative of the Philippines raised the valuation of Philippine cigarette exports to Thailand under this agenda item in the interest of time and efficiency. Her embassy in Bangkok reported that, in recent months, a number of articles published in Thai newspapers had quoted Finance Ministry officials as saying that "big cigarette importers" had under-declared their imports, resulting in a significant drop in revenue collection by its Excise and Custom Departments. On 11 August 2006, Thai Customs unexpectedly ruled that an "interim import valuation solution" would be imposed

on imported cigarettes. That solution, which resulted in an uplift in the customs value of between 13 and 16 per cent, did not cite a reason or basis for the uplift. On 15 August 2006, the cigarettes were only able to clear Thai customs when the importer posted bank guarantees, under protest, which eventually cost the importer roughly USD 37.6 million per annum in incremental taxes and duties. While trade in cigarettes between the Philippines and Thailand took place under the auspices of the Common Effective Preferential Tariff (CEPT) ASEAN Free Trade Area (AFTA), the matter of valuation remained clearly within the multilateral realm. In fact, the valuation method that applied to Philippine cigarettes was a combination of methods 6 and 7 of the Customs Valuation Agreement.

2.7 From the start of its cigarette exports to Thailand a few years ago, Thai Customs had ruled that the transaction value was not a credible basis for valuation. On 18 September 2006, her delegation had been further informed that the Director-General of the Thai Excise Department had issued a "Notification" that required an increase in the maximum retail price of imported cigarettes, on which basis 270% value-added tax was calculated. Her delegation understood that cigarettes produced locally in Thailand were not covered by the "Notification". While this last point was a national treatment issue involving excise taxes and should perhaps be raised in another WTO forum, her delegation requested Thailand, if possible at this meeting, to first, explain why the customs value of Philippine cigarette exports could not be determined from the transaction value; second, clarify the basis for the 11 August uplift in the customs value; and lastly, assure the Philippines that Thailand was properly implementing its commitments under the WTO Agreement on Customs Valuation, including those prohibiting the use of minimum and fictitious values. Finally, her delegation reserved its rights to pursue this matter in this Committee or in any other body of the WTO as appropriate.

2.8 The representative of the United States noted that the US had longstanding general concerns over the use of reference pricing and reiterated its continuing concerns about the Thai customs valuation regime, noting that it extended across numerous product sectors. Her delegation was also interested in Thailand's responses to the questions raised by the Philippines.

2.9 The representative of Switzerland said that his delegation also had some general and systemic concerns on the issue. It listened carefully to the points raised by the Philippines and was interested in knowing more about this issue including the follow-up replies to be provided by Thailand.

2.10 The representative of Thailand provided an initial response based on information received from her customs authorities. Thailand did not have laws or regulations that provided for the use of minimum values to calculate customs values. For this case, Thai customs authorities had received information that the declared value of the imported product (the cigarettes) was inaccurate and that the relationship between the buyer and seller influenced the transaction value because it was a transaction between sister companies. According to the WTO Customs Valuation Agreement, customs authorities had the right to verify the accuracy of statements and declarations presented for customs valuation purposes. Authorities also had the right to examine customs values that may be influenced by related persons, in light of information provided to authorities. Thai customs authorities initiated an examination of this matter and, as required by the CVA, provided the importer in question with every opportunity to submit information to clarify the issue and to verify the transaction value of its imports. Nevertheless, the importer had not provided information as required, thereby delaying the final customs value determination. In the interim, the importer had elected to instead provide a guarantee to withdraw its goods from customs, as provided for in Article 13 of the Agreement. Because the customs authorities had not yet been able to verify the accuracy of the declared value in question, the interim value applied for guarantee purposes was that of identical goods. She emphasised that this interim value was temporary and applied for guarantee purposes only until the accurate customs value could be determined. In this regard, her delegation urged the Philippines and any interested Members to provide information that would help Thai Customs to determine the accurate customs value.

2.11 The representative of the Philippines asked for a written version of the Thailand's comments.

2.12 The Chairman proposed that the Committee take note of the statements made and that it revert to this matter at its next meeting. She also proposed that if there were any further questions or issues in relation to this matter, that they be submitted to the Secretariat by 15 April 2007.

2.13 The Committee so agreed.

2.14 The Chairman, in concluding this agenda item, urged those Members which had not yet notified their implementing legislation to do so as soon as possible. She noted for information that the Committee had not received any new notifications in the past year. In fact, the last one was received in October 2005 and there are still 51 Members which had not yet notified their implementing legislation. Given the lull in the negotiations, perhaps this was an opportune moment to take care of matters such as notifications. She, therefore, hoped to see some new notifications of legislation at the next meeting of the Committee in May 2007.

2.15 The representative of the European Communities strongly supported the Chair's last comment. It was a bit staggering that countries had not yet notified their legislation. The small effort necessary to notify would be greatly appreciated. If there were countries who had difficulty in drafting their notifications, there was available expertise and technical assistance that would allow them to complete this work. He informed Members that the EC was actually looking at proposals to modernise its customs legislation in general which would imply a revision of the valuation legislation. This would likely happen within the next two years, at which time his delegation would notify such changes to its legislation. He hoped that this could encourage others to also notify their legislation.

(ii) Notifications made by Developing Country Members

2.16 The Chairman drew Member's attention to document G/VAL/2/Rev.23 which contained the updated lists of all Members who had invoked special and differential treatment provisions under the Agreement. There had been no changes in Members' situations regarding special and differential treatment provisions since the previous version of this document.

2.17 The Chairman proposed that the Committee take note of the information contained in this document.

2.18 The Committee so agreed.

III. INFORMATION ON THE APPLICATION OF DECISIONS OF THE COMMITTEE ON CUSTOMS VALUATION

3.1 The Chairman informed the Committee that, under this agenda item, the Committee noted new notifications of application of the Decisions of the Committee on Customs Valuation on the Treatment of Interest Charges in the Customs Value of Imported Goods' and on the 'Valuation of Carrier Media Bearing Software for Data Processing Equipment', both adopted by the Committee and contained in document G/VAL/5. For the past two meetings, there had been no new notifications and, therefore, the document had not been updated. She once again urged Members to notify the Committee, as necessary, on their practices regarding these two Decisions. She proposed that the Committee take note of this information.

3.2 The Committee so agreed.

IV. TECHNICAL ASSISTANCE

- *Information on Technical Assistance*

4.1 The Chairman explained that under this item the Secretariat informed Members of the technical assistance activities carried out under the auspices of the WCO. Since the 23rd session of the Technical Committee will take place during the week of 23 October, this information is not yet available. As soon as the information becomes available, the Secretariat would prepare the necessary documentation to keep Members up-to-date on these activities.

4.2 The Committee took note of the information.

- *Article 20.3 Technical Assistance and Trade-Related Technical Assistance*

4.3. The Chairman informed Members that the Committee's Work Programme on Technical Assistance for Capacity Building as Regards the Implementation and Administration of the WTO Agreement on Customs Valuation was contained in document G/VAL/W/82/Rev.1. The Committee noted previously that customs valuation technical assistance was now incorporated in the WTO-wide technical assistance program and that this avoided having two parallel and repetitive exercises. The 2007 Plan was still under preparation. WTO Divisions had provided their inputs to the overall Plan. In this context, it was worth noting that the Final Report of the Strategic Review of the WTO Trade-Related Technical Assistance (TRTA) Activities was circulated to Members on 19 September. While there were no specific recommendations for technical assistance on Customs Valuation, there were a number of general recommendations and conclusions which would no doubt be examined in the context of the preparation of the 2007 Plan. Since the last meeting of the Committee, a technical assistance activity on customs valuation was carried out in the Gambia from 12-14 September. Requests for technical assistance on customs valuation could be made at any time by individual Members and would be met by a national activity designed to meet the needs of the recipient. She concluded that Members were encouraged to inform the Committee of technical assistance and capacity building activities that they had provided on bilateral or other fronts.

4.4 The representative of the United States informed Members that, in November 2005, her delegation had made a 216-page submission to the Trade Facilitation Negotiating Group (document TF/TF/W/71) that outlined, on a country-by-country and project-by-project basis, the trade facilitation-related assistance it had been providing. During fiscal year 2005, the trade facilitation-related assistance came to USD 368 million and included projects related to valuation. Historically, the US had been very responsive to specific requests for assistance related to customs valuation, reflecting the high importance attached to proper implementation of the Customs Valuation Agreement.

4.5 The Chairman proposed that the Committee take note of the statements made.

4.6 The Committee so agreed.

V. QUESTIONS TO THE DELEGATION OF COLOMBIA REGARDING CERTAIN CUSTOMS MEASURES APPLIED TO IMPORTS OF GOODS FROM PANAMA AND OTHER WTO MEMBERS

5.1 The Chairman informed Members that the delegation of Panama had requested that this item be inscribed on the Committee's agenda for this meeting. Accompanying documentation had been circulated in document G/VAL/W/154. In addition, the delegation of Canada provided three oral questions at this meeting. As Panama also raised this matter in the Council for Trade in Goods, Colombia provided its responses to Panama's questions in the Council, in document G/C/W/554.

5.2 The delegation of Panama informed Members of the latest developments since the meeting held on 25 April 2006. As indicated on that occasion, the customs measures imposed by Colombia fell into three categories: (a) the setting of estimated and/or indicative reference prices for certain products originating in or coming from Panama, and from other WTO Members; (b) restrictions on the use of ports, through authorization of certain points of entry into Colombia for goods classified under HS 50 to 64 (footwear and textiles) originating in or coming from Panama and the People's Republic of China (which meant in practice that those goods could enter only by air through El Dorado Airport and by sea through Barranquilla); and (c) additional requirements to be included in the commercial invoice covering goods coming from a free zone located in Panama. The statement by Panama and the questions put to Colombia on that occasion were in documents G/VAL/W/154 and G/VAL/M/41. Subsequently, at the meeting of the Council for Trade in Goods on 9 May 2006, Panama posed similar questions regarding its concerns in document G/C/W/548.¹ Colombia's responses were circulated in document G/C/W/554.

5.3 After great efforts and a number of meetings held in Panama City and Bogotá which failed to resolve the situation, on 20 July 2006, Panama requested consultations with Colombia, pursuant to Article 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes, Article XXII:1 of the General Agreement on Tariffs and Trade 1994 ("GATT 1994") and Articles 19.1 and 19.2 of the Agreement on Implementation of Article VII of the GATT 1994 ("Agreement on Customs Valuation"). Panama's request for consultations was in document WT/DS348/1, of 25 July 2006. The first consultation between Panama and Colombia was held on 15 September 2006. It was attended by representatives of the Permanent Missions of Panama and Colombia and by senior officials of the Government of Panama and representatives of the Missions of Chinese Taipei; Pakistan; Hong Kong, China; the Philippines; Thailand; Guatemala; and China, participating as associate Members.

5.4 At that meeting, an exchange of views took place, during which Panama's questions regarding the legislation and procedures covering Colombia's application of these measures to goods originating in or coming from Panama and other WTO Members were addressed. That exchange confirmed his Government's concerns on this matter. Written responses were still outstanding to questions posed by Panama, Thailand and Pakistan. Since that date, no agreement had been reached between the two countries. Panama reiterated its readiness to use the mechanisms of the WTO Understanding on Rules and Procedures Governing the Settlement of Disputes with a view to asserting its rights and would notify the Committee on Customs Valuation of measures taken to that end.

5.5 The representative of the United States asked Panama if it intended to continue to pursue the matter in the Customs Valuation Committee, or simply to inform the Committee of the status of the dispute case. Her delegation was interested in the dispute as well as in some of the replies that had been provided by Colombia in the documents mentioned. She had some further questions that she would share depending on how the process would be handled in the various bodies involved.

5.6 The representative of Panama said that his delegation believed that it was important to maintain the WTO Membership abreast of the matter and its developments because it was possible that it could lead to appeals or requests under other Bodies. Since the heart of the matter dealt with customs valuation, his delegation believed that the Committee on Customs Valuation was the correct place to inform Members of developments. Some Members had already associated themselves to these consultations, thus proving its importance to them. Of course, if there were any other countries having a systemic or trade interest in the matter, they should also be informed of what was happening and request the relevant measures. He left it to the discretion of the United States as to whether it deemed it necessary and relevant to pose questions to Colombia at this stage. Nevertheless, the opportunity to do so was there.

¹ Modifying slightly the earlier document distributed with the symbol G/VAL/W/154.

5.7 The representative of the United States, after consulting with her capital and in light of her delegation's interest in this matter, posed the following questions to Colombia. Colombia stated that the indicative prices were established in keeping with the right conferred by WTO provisions, including the Agreement on Customs Valuation. Could Colombia point to the provisions in this Agreement that conferred this right? Could Colombia explain in detail what indicative prices were, how they were determined, and exactly how they were applied? Could Colombia provide a copy of the legislation authorizing the use of indicative prices along with any regulations, guidelines or internal directives pertaining to their use? Could Colombia explain what happened when the declared value was below the indicative price? Was the declared value rejected? Was the indicative price substituted for the declared value? Finally, could Colombia provide examples of cases where it had accepted the declared value even though it was below the indicative price?

5.8 The Chairman agreed that it was useful for the Committee to be informed of developments on this matter. She proposed that the Committee take note of the statements made and revert to this item at its next meeting.

5.9 The Committee so agreed.

VI. TRANSITIONAL REVIEW IN ACCORDANCE WITH PARAGRAPH 18 OF THE PROTOCOL OF ACCESSION OF THE PEOPLE'S REPUBLIC OF CHINA

6.1 The Chairman informed Members that in accordance with paragraph 18 of the Protocol of Accession of the People's Republic of China, the Committee was to report to the Council for Trade in Goods on the outcome of this Review. The CTG would then report to the General Council. The Committee conducted its fourth Transitional Review in 2005, where China explained the implementation of its commitments with regard to the Agreement on Customs Valuation and responded to the questions raised. China had recently submitted an informational document which was circulated in document G/VAL/W/157.

6.2 The representative of China said that, since its accession into the WTO, China had been making progress in bringing its customs valuation system in line with the Agreement. This was obvious to all. China submitted to the Committee the relevant information on valuation methods pursuant to Annex 1A of its Accession Protocol. This document offered a comprehensive account of China's implementation efforts and was available in G/VAL/W/157. She noted that the customs valuation legislation and the rules of the customs of the People's Republic of China regarding the determination of customs valuation of imported and exported goods, which entered into force on 1 June 2006, was in full conformity with the provisions governing the procedure and the methodologies of customs valuation. For Members interested in this legislation, information on customs valuation could also be obtained by visiting the official website of the Chinese General Administration of Customs at www.customs.gov.cn. She reiterated that the door for mutual information exchange on issues of common interest was always open.

6.3 The representative of the European Communities said that the Chinese paper provided a clear picture of the use of valuation methods other than the stated transaction value. It gave some details of the customs legislation. Obviously access to legislation was extremely important and his delegation would remain informed of this legislation. As regards implementation, he noted with interest that China had provided statistics that few countries were able to provide quickly, that showed that over 95% of all imports were valued using the principle valuation method. That was the key barometer of successful implementation. It was generally seen as an indicator that there were few cases in dispute or in doubt. This figure which had been recognised by the World Customs Organization, was what all administrations needed to achieve in terms of efficiency in valuation. He had not studied the

28 March legislation in detail, but it was good to know that it was accessible and that, as China said, there was an open door on issues of common interest.

6.4 The representative of the United States noted that this was the Customs Valuation Committee's fifth annual Transitional Review of Chinese efforts to implement the commitments that it made in its Protocol of Accession to the WTO. The United States continued to believe that the Transitional Review remained an important and useful mechanism serving both the interests of China and of other WTO Members. It provided Members with the opportunity to seek clarification regarding China's policies and practices while also allowing Members to convey their expectations regarding China's efforts to implement its commitments. China, in turn, had the opportunity to clarify its policies and practices with the potential to prevent misunderstandings that could lead to trade frictions. The United States did not submit any written questions for China as part of this year's Transitional Review. However, it wished to make a statement regarding China's implementation efforts from the perspective of its own experience.

6.5 The United States continued to be concerned about the inconsistent implementation of China's regulatory measures in the area of customs valuation, including the rules regarding determination of customs valuation of imported and exported goods, that were found in G/VAL/N/1/CHN/1 issued by the General Administration of Customs in December 2001, and the Regulations Regarding Determination of Customs Valuation of Royalties and License Fees Related to Imported Goods, found in G/VAL/N/1/CHN/3 issued by the General Administration of Customs in May 2003. For example, some of China's customs officials were reportedly assessing duties on digital products based on the imputed value of contents, such as the data recorded on a CD-ROM, rather than on the basis of the value of the underlying carrier medium, the CD-ROM itself, as China's own regulations required. In addition, some Chinese customs officials were reportedly not applying the regulatory provisions on conditions of sale as they related to software. These officials were still following China's pre-WTO accession practice of automatically adding royalties and software fees to the dutiable value, even though China's new regulations directed them to add those fees only if they were paid to the exporter as a condition of the particular sale in question.

6.6 Another concern for the United States involved imports of high-value electronic media that were intended to be used after importation to produce multiple copies of products, such as DVDs, for wide distribution and sale. China's customs officials had been assessing duties based on the estimated value of the yet to be produced copies. The United States urged China to follow the same principle that applied to carrier media-bearing software and, instead, assess duties based on the value of the underlying carrier medium. These problems were not new. Her delegation had raised them prior to this Committee and urged China to continue to work to establish more uniformity in the administration of its customs valuation regime and in adherence to WTO customs valuation rules.

6.7 The representative of China agreed that the remarks raised by the United States were not new. She reiterated that China's practices and its customs valuation regimes were consistent with the principles and the procedures set forth in the Agreement, and were applied consistently across the country. She suggested two channels to solve the United States' concerns. The United States could raise very specific cases indicating how the US believed there was an inconsistency. General concerns were irrelevant because China believed that it was applying the provisions of the Agreement consistently across the country. A second option would be for the United States exporter or operator which disagreed with a particular valuation determination to appeal to the Chinese customs administration, for an administrative review of the decision. She believed that these would be practical ways to deal with the United States' concerns.

6.8 The representative of the United States clarified that her delegation had made a statement and did not necessarily intend to engage in a debate in the Committee on this. However, given that China

had proposed that her delegation share some specific cases, she would check with her authorities to determine whether she could provide this information.

6.9 The representative of China did not wish to raise any debate. She was merely pointing out that it might be more practical to try to solve this problem because the United States raised its concerns in previous meetings. So, her suggestion was to discuss, through bilateral channels, specifics of the problems. This could be done at some other time as well. The point was to solve the concerns.

6.10 The representative of the United States, while noting the importance of bilateral contacts, did not want to affect its rights and the ability to have an effective Transitional Review Mechanism. While she considered that her statement was specific, she would, nevertheless, relay China's comments to her capital. She would also seek to raise these concerns at the next review and consider the suggestion from China to include specific cases in addition to the general concerns raised. She did not wish to prejudge the approach her delegation would take in the Customs Valuation Committee, i.e. whether it would present a statement or questions at the next Review. Nevertheless, she would consult with her capital to determine whether to supplement her statement with specifics now or during the next Review.

6.11 The representative of the European Communities was interested to follow any systemic issues which might arise from specific, concrete valuation cases. There was an obvious link between specific cases and systemic issues. Therefore, his delegation would be interested to be informed of any additional information that the United States might bring to the Review.

6.12 The Chairman proposed that the Committee take note of the statements made and that the Secretariat prepare a short, factual report that she would submit, on behalf of the Committee, to the Council for Trade in Goods. The report would refer to the minutes from today's meeting and if there were any further comments that needed to be circulated to Members, they should be received within ten days.

6.13 The Committee so agreed.

VII. REPORT OF THE COMMITTEE TO THE COUNCIL FOR TRADE IN GOODS

7.1 The Chairman drew Members' attention to document G/VAL/W/155 which contained the draft report of the Committee to the Council for Trade in Goods. She noted two corrections and proposed two editing changes in the Annex of the draft document which would be made to the final report. The first correction was that Chile's notification of its legislation, namely document G/VAL/N/1/CHL/1, should be listed in the third column. The second correction was that Indonesia's notification under column 4 on the checklist of issues should be blank. Secondly, turning to the editing changes, she proposed that the heading of the first column of the table in the Annex be changed to read "WTO Agreement" rather than "WTO Committee". Finally, she proposed that the second footnote on page 6 be changed to read as follows: "This total number includes Members which have notified that their legislation remains valid under the WTO Agreement (i.e. those in the second column of the table) and those which have notified their legislation pursuant to Article 22 of the WTO Agreement and the Decision on Notifications (G/VAL/5)." She believed that the editing changes would enhance the clarity and accuracy of the document. She asked if any Members had any comments on any aspect of the draft report.

7.2 In the absence of comments, she proposed that the Secretariat revise the document to include the corrections and editing changes proposed. She would then fax the revised report to Members for any comments within five days. The final version would be submitted to the Council for Trade in Goods.

7.3 The Committee so agreed.

VIII. FOURTH, FIFTH, SIXTH, SEVENTH, EIGHTH, NINTH, TENTH, ELEVENTH AND TWELFTH ANNUAL REVIEWS OF THE IMPLEMENTATION AND OPERATION OF THE CUSTOMS VALUATION AGREEMENT

8.1 The Chairman recalled that at the last meeting, the Committee took note of the eight documents containing the Fourth through Eleventh Annual Reviews in documents G/VAL/W/29, G/VAL/W/43, G/VAL/W/77, G/VAL/W/89, G/VAL/W/109, G/VAL/W/124, G/VAL/W/136 and G/VAL/W/150. Today, the twelfth annual review, in G/VAL/W/156, was circulated for consideration. At the last meeting, India had stated that it would likely be able to conclude this matter by this meeting. She asked India to update the Committee on this issue.

8.2 The representative of India stated that his delegation was examining the question of the reservation on the use of minimum values and reconsidering whether it needed to continue with this reservation. This had involved extensive discussions within different agencies in the capital and had taken longer than expected. He hoped that by the next meeting, he could indicate something more. But at present, there was no change.

8.3 The representative of the European Communities recalled the Chairman's plea to delegations to pay some attention to housekeeping issues in this period. He hoped that this might provide more motivation to clear the slate and bring matters up-to-date on this issue. His delegation would like to see this issue become a non-issue. His delegation urged and/or requested India to move actively on this matter and hoped for positive news from India at the next meeting.

8.4 The representative of India noted the EC's suggestion which he would communicate to his capital.

8.5 The Chairman proposed that the Committee take note of the statements made and revert to this matter at the next meeting.

8.6 The Committee so agreed.

IX. PRESHIPMENT INSPECTION

9.1 The Chairman recalled that at the last meeting, the Committee agreed to carry out the Second Review of the Agreement on Preshipment Inspection. Members were advised that if they wished to contribute to the Review, they should communicate their submissions to the Secretariat for circulation by 26 September 2006. No such submissions were received. It was also suggested that in the event that there were no submissions, the Committee could agree to conclude the Review.

9.2 The representative of the United States expressed her delegation's appreciation for the report provided by the Secretariat in document G/VAL/W/63/Rev.8. Her delegation also thanked the International Federation of Inspection Agencies for providing the information contained therein. Her delegation continued to watch the PSI situation closely and took note, as the document observed, of the recent shift in direction in terms of PSI services. Her delegation hoped that this marked the beginning of a positive trend. Information like the report mentioned was very helpful in monitoring the situation.

9.3 The representative of the European Communities agreed that the note was useful. He asked whether some of the terms presented in the document referring to the types of PSI programmes for customs purposes, such as "Revenue protection" "Customs support services", including destination inspection and/or selective PSI, could be clarified. Without going into a detailed analysis of the coverage of PSI activities, he noted that the PSI Agreement focused on pre-shipment activities and

indeed, the development in the industry seemed to be towards something which was post-shipment, in other words, destination inspection and/or selective PSI. His delegation wondered whether that meant that it also included pre-shipment activities selectively, or combined with destination inspection, and how these were separated; were they a duplicative or complementary activity. In general, his delegation was interested in how the shifts in PSI activities towards destination inspection tied in with previous types of activities, or indeed if they replaced these previous activities. Would the term "pre-shipment" need to be replaced at a certain point in time to more accurately reflect the quality of the activities being carried out? His delegation echoed the view of the US in that it would be necessary to monitor PSI activities, while of course not looking at any specific operators. While his statement did not constitute a review, he also wondered what the lack of contributions to the review signified.

9.4 The Secretariat took the floor to clarify that the information presented in document G/VAL/W/63/Rev.8 had been provided by IFIA, including the categories and categorisation of the programmes. In the context of the trade facilitation negotiations, Switzerland had circulated a non-paper on the evolution of the PSI industry which might provide further clarification of the terms used in the categorisation of the different programmes.

9.5 The Chairman proposed that, in the absence of any actual submissions, the Committee agree to conclude the review. She proposed that the Secretariat prepare a short factual report on the Review that would refer to the minutes of this meeting.

9.6 The Committee so agreed.

9.7 The representative of the United States reiterated her delegation's interest in continuing to monitor the situation and that the Committee on Customs Valuation be the place to carry out such monitoring and review.

9.8 The Chairman stated that the Secretariat would continue to update the relevant information for the Committee.

X. PARAGRAPH 12 OF THE DOHA MINISTERIAL DECLARATION (WT/MIN(01)/DEC/1): IMPLEMENTATION-RELATED ISSUES

A. PARAGRAPH 8.3 OF DOCUMENT WT/MIN/(01)/17

10.1 The Chairman recalled that the General Council, at its meeting in December 2002, authorized the Committee to continue its work under the existing mandate in paragraph 8.3 of the Decision on Implementation-Related Issues and Concerns, and to report back to the General Council once its work had been completed. It was agreed at the last meeting to revert to this matter at this meeting. Through informal contacts with some Members, she understood that there had not been any movements towards resolving this matter.

10.2 In the absence of comments, she proposed that the Committee revert to this item at the next meeting of the Committee.

10.3 The Committee so agreed.

XI. OTHER BUSINESS

A. DATE OF THE NEXT MEETING

11.1 The Chairman informed Members that the Committee's next meeting was scheduled for 8 May 2007.

11.2 The meeting was adjourned.
