REPORT (1981) 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, Austria, Brazil, Canada, European Economic Community, Finland, Hungary, India, Japan, Republic of Korea, Norway, Romania, Spain, Sweden, Switzerland, United Kingdom for Hong Kong, the United States and Yugoslavia.

2. Twenty-five contracting parties and three non-contracting parties have observer status. 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.

3. During the reporting period the Committee has held three meetings:
   13 January 1981 - (VAL/M/1 and L/5097)
   5 May 1981 - (VAL/M/2 and L/5139)
   4-5 November 1981 - (VAL/M/3 and L/5236)

4. The Committee has taken decisions in the following matters:
   (a) Procedures for the participation of observers (L/5097, Annex and VAL/M/1, paragraphs 6-10, and Annex 1);
   (b) Procedures for reservations (VAL/M/1, Annex 2);
   (c) Circulation and derestriction of documents (VAL/M/1, paragraphs 17-18);
   (d) Notification and circulation of national legislation (VAL/M/1, paragraph 37). The texts of national legislation submitted in accordance with this decision were reproduced in Addenda and Supplements to VAL/1. A checklist was established in order to determine how certain provisions of the Agreement have been incorporated in the national legislation of the Parties applying the Agreement. Replies to this checklist have been circulated in addenda and a supplement to VAL/2/Rev.1. At the three meetings, the Committee has held detailed discussions on the implementation and administration of the Agreement by the Parties which already apply the Agreement;

Subject to ratification
Subject to approval
(e) Submission of data on the use of different methods of valuation applied for customs entries during a certain period of time (VAL/M/2, paragraph 65-75). A survey of the results received to date of this exercise based on different sampling methods is annexed to this report.

5. A proposed rectification to the French text of the Agreement (Annex I - Interpretative Note to Article 8:1(c)) was circulated in VAL/W/1. Since no objections were raised within the time-limit provided for, the change became effective on 27 February 1981 (GLI/277).

6. The Committee agreed on certain points for inclusion in the initial work programme of the Technical Committee on Customs Valuation (VAL/M/1, Annex 3). Detailed oral reports on the work of the first and second sessions of the Technical Committee were presented by its Chairman.

7. There has been no occasion until now to use the consultation and dispute settlement procedures laid down in Articles 19 and 20.

8. The Committee conducted its first annual review of the implementation and operation of the Agreement at its November 1981 meeting on the basis of a background document prepared by the secretariat (VAL/W/4). It concluded that no substantial difficulties had been encountered during the first year of application.
ANNEX

Use of Various Valuation Methods

(Percentage figures calculated on the basis of entries, not trade weighted)

<table>
<thead>
<tr>
<th></th>
<th>Article 1</th>
<th>Article 2</th>
<th>Article 3</th>
<th>Article 5</th>
<th>Article 6</th>
<th>Article 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>FEC</td>
<td>95.4</td>
<td>0.3</td>
<td>0.2</td>
<td>2.1</td>
<td>-</td>
<td>2.0</td>
</tr>
<tr>
<td>Finland</td>
<td>93.1</td>
<td>0.3</td>
<td>0.1</td>
<td>-</td>
<td>-</td>
<td>6.5</td>
</tr>
<tr>
<td>Hungary</td>
<td>86.8</td>
<td>10.9</td>
<td>2.3</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Japan</td>
<td>96.6</td>
<td>1.4</td>
<td>0.1</td>
<td>0.3</td>
<td>0.5</td>
<td>1.1</td>
</tr>
<tr>
<td>Romania</td>
<td>100.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sweden</td>
<td>99+</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>United States</td>
<td>94.0</td>
<td>1.0</td>
<td>0.5</td>
<td>1.0</td>
<td>2.0</td>
<td>1.5</td>
</tr>
</tbody>
</table>