MINUTES OF THE MEETING OF 24 OCTOBER 1995

Chairman: Mr. P. Palečka (Czech Republic)

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1. Report on the work of the Technical Committee on Customs Valuation

1.1 The Chairman noted that the report on the work done by the Technical Committee at its thirtieth session held on 2 October 1995 had already been presented by the observer from the Secretariat of the WCO to the meeting of the WTO Committee on Customs Valuation preceding this meeting. A presentation of the report to this Committee appeared unnecessary as the signatories and observers in this Committee had been present at the meeting of the WTO Committee on Customs Valuation. He added that copies of the statement made by the observer from the WCO could be obtained from the Secretariat. He proposed that the Committee take note of the report.

1.2 The Committee so agreed.

2. Draft Decision on the Termination of the Agreement (VAL/W/65/Rev.1)

2.1 The Chairman noted that a revised draft Decision on the Termination of the Tokyo Round Agreement on Customs Valuation had been circulated in document VAL/W/65/Rev.1.

2.2 The Committee adopted the Decision to terminate the Tokyo Round Agreement on Customs Valuation on 1 January 1996.
3. **Information on implementation and administration of the Agreement (VAL/M/35)**

- **Mexico** (VAL/1/Add.25/Suppl.2 and 3; VAL/2/Rev.2/Add.8)

3.1 The Chairman recalled that at the last meeting of the Committee, some discussion had taken place (VAL/M/35, paragraphs 18-24) on the amendments that had been introduced to Mexico's customs legislation which essentially transformed the Mexican customs valuation system from a free-on-board (f.o.b.) to a cost-insurance-freight (c.i.f.) basis of valuation. These amendments had been circulated in documents VAL/1/Add.25/Suppl.2 and 3. Mexico had also responded to the checklist of issues which had been circulated in document VAL/2/Rev.2/Add.8.

3.2 The representative of the European Communities, recalling that he had raised at earlier meetings of the Committee discriminatory aspects of the Mexican legislation, considered that so far his delegation had not received sufficiently convincing arguments from Mexico concerning the application of the f.o.b. system for goods originating from NAFTA and the application of the c.i.f. system for goods originating from other countries. This situation appeared contrary to Article 8 and the six preambular paragraphs of the Agreement. There it was mentioned that the purpose of the Agreement was to avoid the use of different methods of valuation and that it was necessary to proceed "without distinction between sources of supply". Until such time as Mexico remedied the situation to make it compatible with the Agreement, the EC reserved its rights and wished consideration of the Mexican legislation to be transferred to the WTO Committee on Customs Valuation. The EC intended to raise this point also at the next meeting of the NAFTA Working Party.

3.3 The representatives of New Zealand and Switzerland supported the statement made by the EC.

3.4 The representative of Mexico recalled that his delegation had provided, at the last meeting of the Committee, an explanation which showed the non-discriminatory nature of Mexico's legislation. He did not want to repeat the same arguments, but he believed that Mexico's measure was consistent with its rights and obligations under the Tokyo Round Customs Valuation Agreement and the WTO Customs Valuation Agreement. He did therefore not have any problem in transferring this matter to the WTO Committee on Customs Valuation. He also stated that Mexico had provided some information at the first meeting of the NAFTA Working Party, regarding the economic implication of Mexico's measure; he hoped to have an opportunity to respond to the questions raised at the next meeting of the NAFTA Working Party.

3.5 The Chairman suggested that in light of the fact that the Tokyo Round Agreement on Customs Valuation would be terminated on 1 January 1996, this matter be pursued under the WTO Committee on Customs Valuation and placed on the agenda of the next meeting of that Committee.

3.6 The Committee so agreed.

4. **Information on Technical Assistance (G/VAL/W/4)**

4.1 The Chairman noted that the Secretariat had circulated, in document G/VAL/W/4, the latest paper prepared by the WCO which summarized current assistance activities. He stated the WTO Committee on Customs Valuation had already dealt with this issue.

4.2 The Committee took note of this information.

(a) **Fifteenth annual review of the implementation and operation of the Agreement**

5.1 The Committee conducted its annual review of the implementation and operation of the Agreement on the basis of a Secretariat background note (VAL/W/66). Peru requested to be included in paragraph 1(b)(iii) of the document.

5.2 The Committee agreed that the Secretariat issue a revised document in the VAL- series to take account of the Committee’s work at this meeting.

(b) **Annual Report (1995) to the contracting parties**

5.3 The Committee adopted its annual report, and agreed that the report would be updated to take account of the work of the Committee at this meeting.

6. **Other business**

6.1 The Chairman, recalling that this was most probably the last meeting of the Tokyo Round Committee on Customs Valuation, thanked as the last Chairman of this Committee all Parties to the Agreement, the WCO and its predecessor, CCC, and the Secretariat of GATT and WTO for their excellent work.