



### **The WTO Valuation Agreement (the Agreement)**

The Agreement provides a Customs valuation system that primarily bases the Customs value on the **transaction value** of the imported goods, which is the price actually paid or payable for the goods when sold for export to the country of importation, with certain adjustments.

In cases where the Customs value cannot be determined using the transaction value, it will be determined using one of the following methods :

- The transaction value of identical goods ;
- The transaction value of similar goods ;
- The deductive value method ;
- The computed value method ;
- The fall-back method.

The above valuation methods must be used in hierarchical order.

### **Benefits of implementing the Agreement**

The Agreement is intended to provide a single system that is fair, uniform and neutral for the valuation of imported goods for Customs purposes, conforming to commercial realities and outlawing the use of arbitrary or fictitious Customs values. The Agreement, by its positive concept of value, recognizes that Customs valuation should, as far as possible, be based on the actual price of the goods to be valued.

With the majority of world trade valued on the basis of the transaction value method, the Agreement provides more predictability, stability and transparency for trade, thus facilitating international trade while at the same time ensuring compliance with national laws and regulations.

### **The role of the WCO**

The **WCO Strategic Plan** has two goals in its focus area of having the WTO Valuation Agreement implemented by its Members. These are :

- To assist least developed and developing country Members to fully implement the WTO Valuation Agreement.
- To encourage Members to interpret and apply the WTO Valuation Agreement in a uniform, predictable and transparent manner.

### **The Technical Committee on Customs Valuation**

The WTO Valuation Agreement mandates the WCO to administer this instrument, through its Technical Committee on Customs Valuation.

The responsibility of the Technical Committee, which meets twice a year, is to ensure uniformity in the interpretation and application of the Agreement at the technical level.

The Technical Committee maintains a close working relationship with the WTO Committee on Customs Valuation which manages all trade policy aspects of the Agreement. The major responsibilities of the Technical Committee are :

- To examine specific technical problems arising from the day-to-day administration of the Customs valuation systems of Members and to give advisory opinions on appropriate solutions based upon the facts presented. Its decisions are issued in the form of Advisory Opinions, Commentaries, Case Studies, Studies, etc., which are published in the WCO's Compendium of Customs Valuation ;
- To furnish information and advice on questions concerning the valuation of imported goods as requested by Members ;

- To study valuation laws, procedures and practices as they relate to the Agreement ;
- To facilitate technical assistance to Members with a view to furthering the international acceptance and understanding of the Agreement.

### **Responsibilities of the Valuation Sub-Directorate, Tariff and Trade Affairs Directorate**

The Valuation Sub-Directorate comprises a Deputy Director and six Technical Officers and Technical Attachés and has the following major responsibilities :

- Provide service to the Technical Committee on Customs Valuation (organizing meetings, preparation of working documents, reports, etc.) ;
- Deliver technical assistance to Members (training courses, theme meetings, workshops, seminars, expert missions) ;
- Provide technical advice on specific valuation questions to Member Customs administrations on request ;
- Develop specific projects within the mandate of the Agreement and the WCO

### **Customs/business relationship**

The Agreement represents a positive step towards the liberalization of international trade. It is intended to foster co-operation and mutual trust between the business community and Customs and, for that reason, the Agreement sets out the respective rights and mutual obligations for Customs and traders. Like all areas of Customs control, facilitation and compliance must go hand in hand with the implementation of the Agreement.

The interests of trade will not be well served by unsustainable systems, therefore partnerships and effective communication with interested parties are essential to optimize the effective and efficient administration of the WTO Valuation instruments.

At international level, the WCO has maintained a long-term close co-operative relationship in the area of Customs valuation with the International Chamber of Commerce (ICC). The ICC has been participating in the meetings of the Technical Committee since 1979 as an observer and has had the opportunity to explain specific aspects of commercial practice, as well as to give its views and advice on specific technical issues. This has led to greater understanding by Members of current commercial practices and to frank exchanges of views on both sides.

In May 2000, the WCO and ICC issued a joint statement to promote global application of the WTO Customs Valuation Agreement.

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