



UNITED NATIONS
DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS
STATISTICS DIVISION

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Presentation
WTO

Item 9: Customs Valuation



Statistical Value and Customs Valuation

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Statistical Value

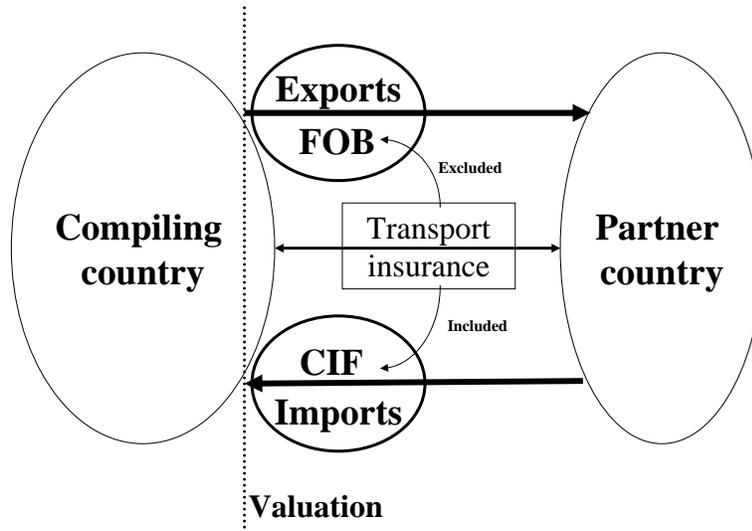
Value assigned to goods by the compiler of MTS

- ➔ **Customs value** as a basis
- ➔ **WTO agreement on valuation**
 - **Recommended for IMTS**
 - **Transaction value** as the customs value for imported goods
 - **X: fob; M: cif**

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Valuation (CIF / FOB)



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Transaction value



Price actually paid (invoice)

Conditions to be fulfilled:

- evidence of sale
- no restriction (on disposition or use)
- not subject to additional conditions
- full price, unless: proceeds of subsequent resale, disposal...
- sufficient information for (possible) price adjustments (Art. 8)
- buyer and seller not related, or...
- related parties (Art. 15)

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Transaction value



Price actually paid (invoice)

Article 8 (payments that can be added):

- commissions, brokerage, except buying commissions
- costs of, and charges for, packing and containers
- assists, i.e. goods and services supplied free or at reduced cost by buyer for use in the production of imported good
- Royalties and licence fees
- Subsequent proceeds of any sale accruing to the seller as a result of the resale or use of imported good
- Cost of transport, insurance and related charges to the place of importation

But not:

- freight after importation
- cost of construction, assembly... After importation
- Duties and taxes of the importing country

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Transfer pricing



Price actually paid (invoice)

For transactions
at arms-length
between related parties

- customs to ascertain relationship and circumstances of transaction,
if doubt: value accepted
- if importer demonstrates that transaction occurred at about the same value between unrelated parties in past
- deductive or computed values of identical/similar goods

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in case of doubts...as to the truth or accuracy



“Decision on Shifting the Burden of Proof”
First step: Customs requires further explanation
Second step: Customs applies alternative method

- ➔ Transaction value of identical goods
- ➔ Transaction value of similar goods
- ➔ Deductive value
- ➔ Computed value
- ➔ Fall-back method

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Transaction value of identical goods



Calculated in same manner as transaction value

Conditions to be fulfilled:

- goods are the same in all respects (physical characteristics, quality, etc.)
- produced in same country by same producer

Exception:

- produced by different producers in same country
- minor differences

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Transaction value of similar goods



Calculated in same manner as transaction value

Conditions to be fulfilled:

- goods closely resembling goods valued
- goods capable performing same functions
- goods produced in the same country, by same producer, imported at same time

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Deductive value



Deduction of value from the price of greatest aggregate quantity sold

Conditions to be fulfilled:

- unit sales price in domestic market of imported good at which goods are sold
- sales price less
 - commissions
 - transport and insurance costs,
 - customs duties
 - value added by assembly or further processing

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Computed value



Production cost + profits + expenses

- production cost (value of materials and fabrication)
- profit and general expenses
- other expenses
 - transport (to place of importation)
 - loading, unloading and handling charges
 - cost of insurance

Fall-back method



Reasonable means consistent with available data

Valuation criteria not to be used

- selling price of goods manufactured in the country of importation
- higher of two alternative values
- price of goods in the country of exportation (= anti-dumping)
- cost of production
- price of goods for export to a third country
- minimum customs values (developing countries)
- arbitrary or fictitious values

Exchange rate



unit of account = national currency unit

Exchange rate for conversion

- effective at time of exportation/importation
- midpoint between buying/selling rate
- n.a., average rate of shortest available period

Multiple official exchange rates

- use actual rate applicable to specific transaction

Parallel/black market exchange rates

- record separately

Implementation



Factors that impact

infrastructure

- lack of financial, human, technological resources
- staff competencies (tools, turnover, training, etc.)

economic

- loss of custom revenues as major income source
- informal trade

political

- will to introduce new measures

technical assistance

- (valuation, risk management, trade facilitation)