



Alternate valuation methods

WTO Valuation Agreement : Articles 2 – 7



Second method – transaction value of identical goods (Article 2)

- ❖ Goods produced in the same country as the goods being valued
- ❖ The same in all respects, including :
 - ✓ Physical characteristics
 - ✓ Quality
 - ✓ Reputation



Third method – transaction value of similar goods (Article 3)

- Goods produced in the same country as the goods being valued
- Are not alike in all respects, but
 - Have like characteristics
 - Perform the same function
 - Are commercially interchangeable



Conditions for Articles 2 & 3

- **Time factor** : compare with identical or similar goods exported *at or about the same time*
- **Commercial level and quantity** :
 - Wherever possible, use same commercial level and substantially the same quantity, if not, adjustments can be made
- Where more than one transaction value for identical or similar goods is found :
 - the lowest value will apply



Fourth method – deductive (Article 5)

Identify sales :

- Of the imported goods, or identical or similar imported goods, occurring “*at or about the time of importation*”
- In the condition as imported
- In the greatest aggregate quantity



Fourth method – deductive (Article 5)

Deduct from unit price:

- ✓ Either commissions or profit & general expenses
- ✓ Costs of post importation transport & insurance
- ✓ Costs and charges of Article 8.2, as appropriate
- ✓ Customs duties & taxes payable in country of importation



Fifth method – computed (Article 6)

Build up value including :

- The cost or value of materials and fabrication
- Other processing employed in producing the imported goods
- An amount for profit and general expenses
- The cost or value of Article 8.2 expenses

Note : very limited use of this method!



Fallback – Article 7

What cannot be used as basis for value :

- Selling price in the country of importation of goods produced in that country
- The higher of two alternative values
- Price of goods on the domestic market of the country of exportation
- Cost of production other than a computed value under Article 6
- Price of goods sold for export to a country other than the country of importation
- Minimum values (except for the situation provided for in Annex III)
- Arbitrary or fictitious values



Fallback – Article 7

What can be used as basis for value :

- Use reasonable means consistent with the principles and general provisions of the Agreement and Article VII of GATT
- Data available in country of importation
- Previously determined customs values
- Flexible application of Articles I to 6, respecting the sequential order



Thank you



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