



Oceania Customs Organisation Secretariat (OCO)



OCEANIA CUSTOMS ORGANISATION

- **Oceania Customs Organisation (OCO) is the regional Customs Secretariat that collaborates with Regional and Global partners to develop and deliver quality and sustainable Customs solutions to our 23 member administrations.**
- **OCO Members: American Samoa, Australia, Cook Islands, Federates States of Micronesia, Fiji, French Polynesia, Guam, Kiribati, Marshall Islands, Nauru, New Caledonia, New Zealand, Niue, Northern Mariana Islands, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor Leste, Tonga, Tuvalu, Vanuatu and Wallis & Futuna.**
- **Based in Suva, Fiji**



PRESENTATION OUTLINE

Role of WTO Customs Valuation

Why do we need a Customs Value?

- To accurately calculate duties and collect revenue
- To provide consistent values for the compilation of trade statistics



Role of WTO Customs Valuation

Guiding principles for a Customs Value:

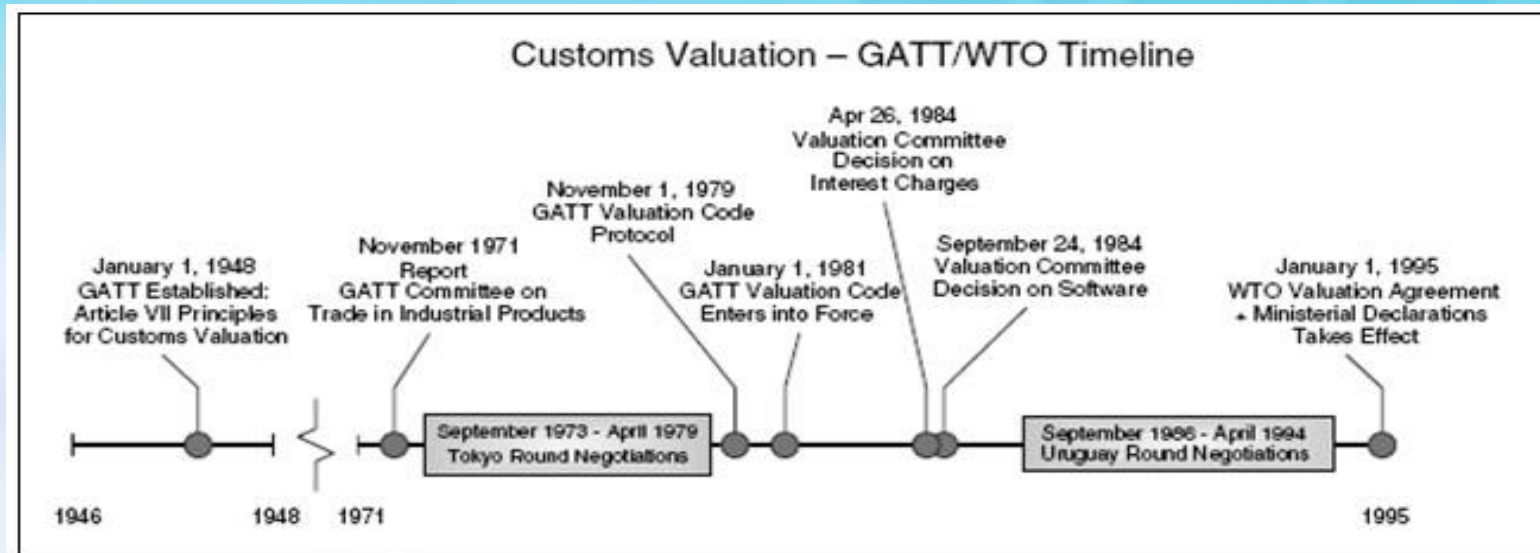
- **Fair, uniform and neutral**
- **Consistent with commercial systems**
- **No arbitrary or fictitious values**



Role of Customs Valuation

- Customs Value

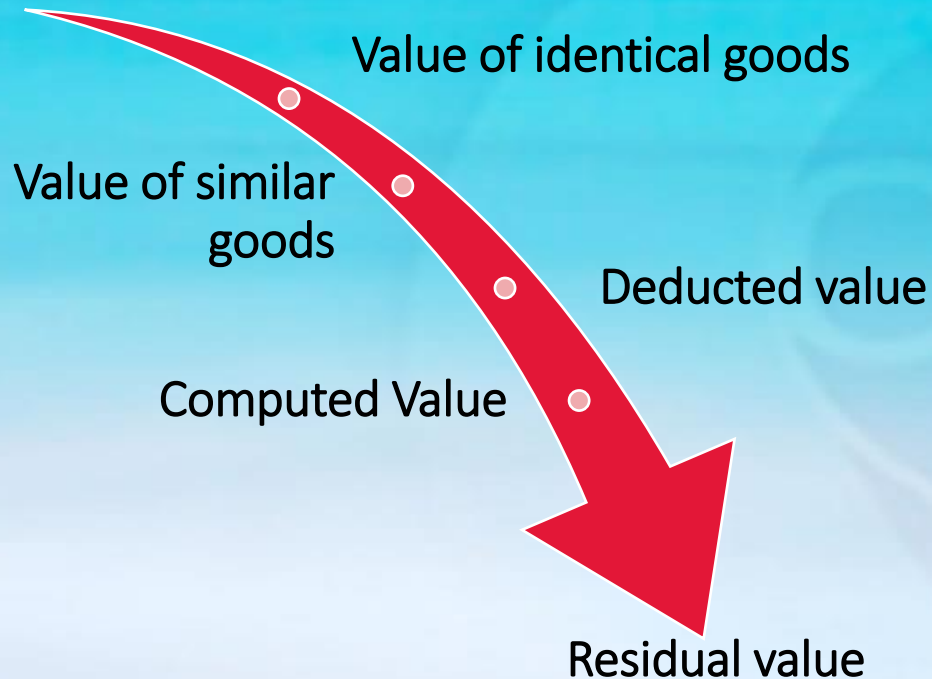
Customs value in all WTO member countries is based on the WTO Valuation Agreement, formally known as the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade





How do we determine a Customs Value

Transaction Value



The WTO Valuation Agreement provides six methods for calculating a Customs Value:

- The transaction value method is the default method. The other methods are only used when the transaction value cannot be used.
- When the transaction value method cannot be used you must try the transaction value of identical goods, if that can't be used then try the transaction value of similar goods and so on.
- These methods should be incorporated into domestic legislation usually as a schedule to the Customs Act



Transaction value method

- In some circumstances you may have to adjust the transaction value.

**Price
actually paid
or payable**



Sale



**For export to
Country of
destination**



Sometimes you may not be able to use the transaction value method, even although there is a transaction!



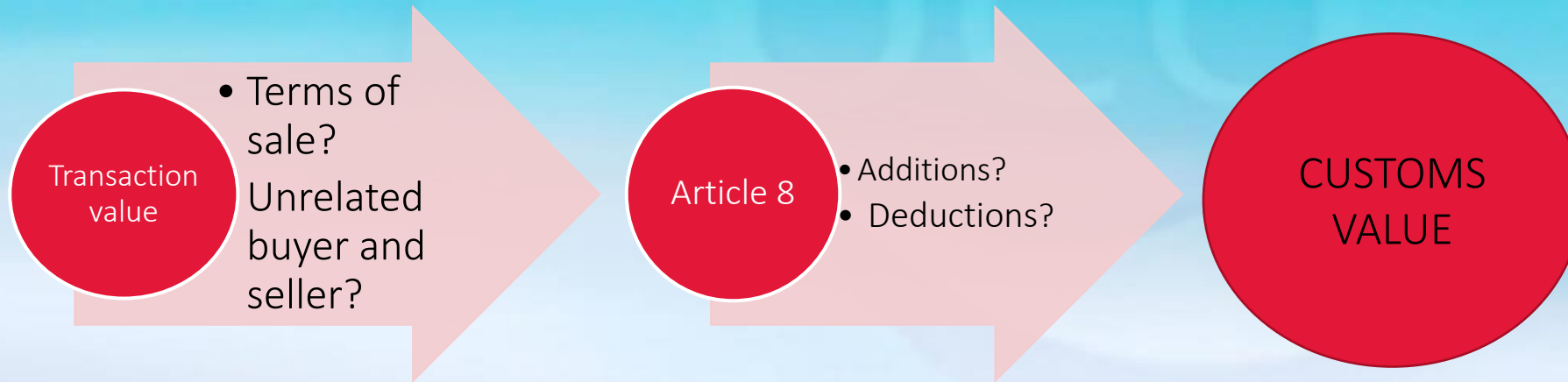
Transaction Value Method

- **Countries may set their Customs valuation basis at either FOB or CIF level. To ensure a fair and consistent Customs value, adjustments need to be done to the Transaction value. Article 8 of the WTO Valuation Agreement sets the rules for this.**
- **Common adjustments are either adding or deducting the value of freight and insurance.**
- **In some circumstances the Transaction value cannot be used as the basis for the Customs value. Examples are:**
 - **When the buyer and seller are related and this has affected the price**
 - **When the seller is receiving a share of the resale price for example royalties**



Customs Value

- **Ninety percent of the time the customs value is easy to calculate**





Commonly used INCOTERMS®

EXW

- **Ex Works**
- Buyer pays all freight charges from sellers door

FOB

- **Free on Board**
- Seller pays to on board ship at port of loading, buyer pays from there

CIF

- **Cost, Insurance and Freight**
- Seller pays freight and insurance to port of destination, buyer pays from there



INCOTERMS®



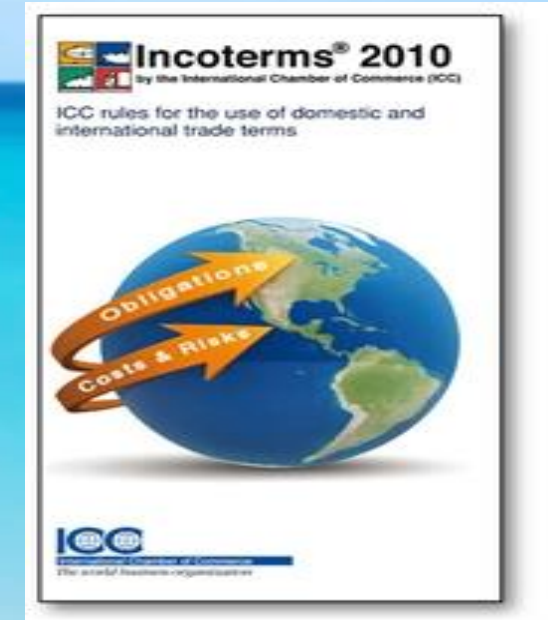


INCOTERMS®



POINTS TO NOTE!

Incoterms – should always have a place after them e.g. FOB Auckland, CIF Apia



Incoterms – can be poorly understood by traders

I get it!





End of Presentation

Thank you

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13