

**TRANSITIONAL REVIEW UNDER ARTICLE 18 OF THE PROTOCOL OF
ACCESSION OF THE PEOPLE'S REPUBLIC OF CHINA**

*Written Questions from the Separate Customs Territory of
Taiwan, Penghu, Kinmen and Matsu on
Customs Valuation*

The following communication, dated 25 September 2003, has been received from the Permanent Mission of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.

1. Article 28 of China's *Rules of General Administration of Customs Regarding Determination of Customs Value of Imported and Exported Goods* indicates that where goods are imported by rail or road transportation and transacted under DAF (delivered at frontier) terms, the customs administration shall calculate the freight, insurance and other charges on the basis of 1% of the price of the goods. The representative of China stated at the last TRM meeting in November 2002, however, that the fixed percentage would only be used to determine the customs value when the freight or cost of insurance could not be determined or did not actually occur (paragraph 5.10 of G/VAL/M/32).

As there seems to be a discrepancy between the above-mentioned *Rules* and the statement, we would be grateful if China could clarify exactly how such charges are determined.

2. According to Article 4 of the WTO Agreement on Customs Valuation, at the request of the importer, the sequential order of application of Articles 5 (deductive method) and 6 (computed method) may be reversed. However, Article 7 of China's *Rules of General Administration of Customs Regarding Determination of Customs Value of Imported and Exported Goods* stipulates that an importer needs to submit sufficient information when requesting such a change.

Would China please :

- clarify what kind of information an importer in these circumstances would be required to submit, and
- clarify whether it has made a reservation to Article 4 as per paragraph 3 of Annex III of the WTO Agreement on Customs Valuation.

3. According to paragraph 143 of its Working Party Report, China agreed, within two years from the date of accession, to apply the provisions of both the Decision on the Treatment of Interest Charges in Customs Value of Imported Goods and the Decision on the Valuation of Carrier Media Bearing Software for Data Processing Equipment. Would China please describe progress to date on the adoption of these two Decisions.

4. China mentioned in its Checklist of Issues of 2002 (G/VAL/N/2/CHN/1) that its *Regulations on Import and Export Tariff* are in the process of being revised and shall be published on the date of their

ratification. It would be appreciated if China could update us on the current status of this revision process, with particular reference to the revisions to the content relating to customs valuation.
