

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

Information required in Annex 1A

Communication from the People's Republic of China

The following communication, dated 2 October 2006, is being distributed at the request of the delegation of the People's Republic of China.

**I. THE USE OF VALUATION METHODS, OTHER THAN THE STATED
TRANSACTION VALUE**

A. VALUATION LEGISLATION

1. After the promulgation of *the Regulations on Import and Export Tariff of the People's Republic of China*, the General Administration of Customs (GAC) , for the purpose of improvement of the customs valuation regime, promulgated on 28 Mar. 2006 *the Rules of the Customs of the People's Republic of China regarding Determination on Customs Value of Imported and Exported Goods* (GAC decree No. 148 of 2006), which annulled the previous *Rules of the Customs of the People's Republic of China regarding Determination on Customs Value of Imported and Exported Goods* (GAC decree No. 95 of 2001) and *the Rules of the Customs of the People's Republic of China Regarding Determination on Customs Value of Royalties and License Fees Related to the Imported Goods* (GAC decree No. 102 of 2003). The current customs valuation regime of China is completely consistent with the principles and procedures set forth in the Agreement on Customs Valuation.

B. IMPLEMENTATION

2. Since its accession, China has been fulfilling its commitments in a faithful manner and abided by the Agreements strictly. 95.5% of the customs value was determined by applying transaction value in the period from January to August of 2006. In the cases where the declared value cannot be accepted as customs value, China customs appraising officers determine the customs value strictly in accordance with the principles and provisions set forth in the Agreement.