

**TRANSITIONAL REVIEW OF CHINA BY THE
COMMITTEE ON CUSTOMS VALUATION**

Statement by the Head of the Chinese Delegation

Thank you for giving me the floor. Before I give the floor to my colleague to respond in detail to the questions raised by Members prior to this meeting, I would like to give a brief introduction to this Committee on China's implementation of the Agreement on Customs Valuation.

Implementation of the Agreement on Customs Valuation is important and helpful to facilitate the healthy development of the world trade by establishing a fair, neutral and uniform customs valuation system. Since accession, China has been carrying out its commitments in this regard in a faithful manner through a wide range of steps including the streamlining of the legislation and improvement on the administrative measures. These efforts have effectively brought the principles and procedures of China's customs valuation system in line with those enshrined in the Agreement on Customs Valuation.

In advance of this meeting, information concerning use of valuation methods in China has been provided to this Committee, as required by Annex 1A to China's Protocol of Accession. In order to fulfill the notification obligations under the Agreement, China also provided the Committee with the regulation implementing the Agreement on 1 July 2002, pursuant to Article 22 of the Agreement, and responses to the checklist of issues regarding customs valuation according to the Decisions taken by the Committee on 12 May 1995 and 25 April 1996. I am sure this information provided has already enabled Members to have a clear idea with regard to China's implementation of the Agreement.

In response to the requirement of the WTO that the legislation of Members should embody the basic principles and contents of the Agreement, the General Administration of Customs of the People's Republic of China (GACC) revised the Rules Regarding Determination on Customs Value of Imported and Exported Goods. The revised Rules entered into force on 1 January 2002. After revision, provisions on valuation methods and procedure in the Rules are in full consistency with the Agreement. Here I would like to note particularly the following two points:

Firstly, Articles 1 through 8 of the Agreement stipulates that the customs value of imported goods shall be the transaction value. When declared value cannot be accepted as transaction value in determining the customs value, the customs shall apply the valuation methods as listed in the Agreement in a sequential order. This requirement has been fully reflected in Articles 3 through 11 of the revised Rules Regarding Determination on Customs Value of Imported and Exported Goods.

Secondly, with a view to balancing the rights and obligations between customs and importers in determining customs value, the revised Rules specifically provides for the right of appeal and etc. on the importers' side, *vis-à-vis* the right of verifying declared value as well as the obligation to keep the information in confidentiality on the customs' side, as required by Article 10, 11, 13, 16 and 17 of the Agreement.

With regard to implementation, China as a developing country, is confronted with many constraints including the insufficient capability of investigation and evidence collecting, lack of professionally trained personnel and etc. Due to these constraints, the implementation of the Agreement exposes China to a fairly heavy pressure of customs revenue decrease. Despite that, China has been implementing the Agreement in a faithful and effective manner. Statistics show that from January to September this year the application of transaction value accounts for 94.89% of the total dutiable imports declared. In cases where the declared value can not be accepted as transaction value, the Customs offices reassess the customs value strictly in accordance with the Rules, which embodies the principle and procedure of the Agreement.

In this context, the Chinese government has also made great efforts in capacity building. A series of related documents including the Agreement itself and other important publications by WTO and WCO have been translated and published in Chinese. Training courses targeting at officials from major local Customs offices have been organised by the General Administration of Customs to further familiarize them with the Agreement and uniform implementation of domestic regulations. Publicity campaign and training for enterprises and customs declarers have strengthened. China also benefited from the technical assistance activities within the framework of the WCO and which the representative of WCO mentioned earlier, but I certainly would like to take this opportunity to express our appreciations to them.

Regarding the Decision on Treatment of Interest Charges in the Customs Value of Imported Goods and the Decision on Valuation of Carrier Media Bearing Software for Data Processing Equipment, which China committed to accept in any event no later than two years from the date of accession, preparations are being done to ensure their application by 11 December 2003.

Lastly, I would like to take this opportunity to thank you and the Secretariat for the preparations done for this meeting and also for this review process. I now would like to invite my colleague to present detailed responses to questions raised to us in advance of the meeting, as well as other questions Members would like to raise now, if there is any.
