

**COMMUNICATION FROM SRI LANKA CONCERNING PARAGRAPH 2 OF
ANNEX III OF THE AGREEMENT ON IMPLEMENTATION
OF ARTICLE VII OF THE GENERAL AGREEMENT
ON TARIFFS AND TRADE 1994**

The following communication, dated 7 January 2003, has been received from the Permanent Mission of Sri Lanka.

I refer to the document G/VAL/52 by which Sri Lanka was granted an extension until 28 February 2003 to implement the WTO Agreement on Customs Valuation. In this regard, I am pleased to inform the Committee on Customs Valuation that the amendments to the Customs Ordinance for the implementation for WTO Customs Valuation Systems received the approval of the Parliament on 11 December 2002 and that the Government of Sri Lanka would be implementing the WTO Customs Valuation Agreement from 1 January 2003.

The Government of Sri Lanka further wishes to inform that in terms of the Paragraph 2 of the Annex III of the Agreement on Customs Valuation, Sri Lanka will continue to apply minimum values on used motor vehicles and motor cycles falling under the following tariff headings:

- 87.01 - Tractors
- 87.02 - Motor vehicles for transport of 10 or more persons.
- 87.03 - Motor cars and other motor vehicles principally designed for transport of persons (other than those of tariff heading 87.02) including Station Wagons and Racing cars.
- 87.04 - Motor vehicles for the transport of goods.
- 87.11 - Motor cycles.

The unregulated import of used motor vehicles and used motor cycles, cause health hazards and environmental pollution. Hence, in addition to the introduction of restrictions on the age of the vehicles that are imported, application of minimum values has also become essential as a regulatory measure. Furthermore, import of used motor vehicles and motor-cycles are often subject to under-invoicing as there are no established trade practices, guidelines or price verification systems in the exporting country. Therefore, application of a minimum value has become necessary.

Taking into consideration that Sri Lanka does not apply minimum values for any other products and applying of minimum value will only be limited to used motor vehicles and used motor cycles under H.S. heading 87.01, 87.02, 87.03, 87.04 and 87.11, Sri Lanka proposes to continue to apply minimum values for a period of three years from 1 March 2003.