

WORLD TRADE ORGANIZATION

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Committee on Customs Valuation

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COMMUNICATION FROM SRI LANKA CONCERNING ANNEX III, PARAGRAPH 1, OF THE AGREEMENT ON IMPLEMENTATION OF ARTICLE VII OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE 1994

Addendum

The following communication, dated 5 October 2000, has been received from the Permanent Mission of the Republic of Sri Lanka.

The Government of Sri Lanka wishes to refer to the decision contained in WTO document G/VAL/23 of 10 March, whereby an extension was granted to Sri Lanka under the provision of para. 1 of Annex II of the Agreement on Implementation of Article VII of GATT 1994 ("WTO Customs Valuation Agreement") to extend its delay in the application of provision of that Agreement until 1 January 2001.

In this connection, Sri Lanka also wishes to refer to notification No. G/VAL/N/4/LKA/1 of 14 August and G/VAL/N/4/LKA/1/Corr.1 of 17 August, reporting to the Committee on Customs Valuation on the progress made in fulfilling the Programme of Work by Sri Lanka and the status of the implementation of the Agreement.

The Government of Sri Lanka wishes to inform the Committee on Customs Valuation that although concerted efforts are being made by Sri Lanka to implement the Work Programme and that the Government of Sri Lanka was hopeful of being able to implement the Customs Valuation Agreement by 1 January 2001, on reviewing the progress made thus far and taking into account certain developments particularly in the political sphere, Sri Lanka now is of the view that it will not be able to meet this deadline and is therefore compelled to seek a further extension in the application of provisions of the WTO Agreement on Customs Valuation for a period of 12 months from 1 January 2001. The reasons are:-

- (a) Although the Government of Sri Lanka was hopeful of being able to secure parliamentary sanction of amendments to the Customs Ordinance, the Parliament of Sri Lanka stands dissolved as of 25 August, with a general election called for 10 October 2000. The new Parliament will be convened only thereafter, following its procedures and the Ministry of Finance responsible for this legislation is of the considered view that enactment of this legislation will go beyond the first half of 2001. Sri Lanka being a country wedded to the democratic tradition, the legislative review process on pending legislation in a new Parliament cannot be predetermined and the delay in enacting the enabling legislation on Customs Valuation cannot be avoided and could go well beyond the first half of 2001.
- (b) Although a Post-Clearance Audit Branch and a Valuation Investigation Unit have been created to target valuation based on risk assessment, the operation of these units is yet to reach the desired standard of efficiency. Therefore, the requested extension for delayed

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application by one year will provide additional time for the Post Clearance Audit Branch and the Valuation Investigation Unit to become effective.

- (c) The delay in the enactment of the legislation by the Parliament is expected to further prolong the preparation of the required administrative regulations and procedures, until the third and the fourth quarters of the year 2001. Although measures have been taken to develop human resources and to provide awareness and training programmes for Customs house agents, importers etc., the current assessment is that capacity development and resource availability are not sufficient for the effective implementation of the Agreement. Hence, the delayed application of the agreement by twelve months will provide additional time to undertake to further activities in this area, particularly, development of data bases, expansion of computer systems, further advance training of personnel, preparation of additional information to users and concerned private sector entities and to consolidate the re-structuring and reform programme undertaken in the customs department, so that the Customs Valuation Agreement could be effectively implemented from 1 January 2002.

Hence, considering the special circumstances enumerated above which are legitimate and justifiable and taking into account the fact that the Government of Sri Lanka has taken meaningful steps and commenced implementing the work programme and noting the long standing commitment and considerable efforts made in the implementation and application of WTO Agreement on Customs Valuation, the Government of Sri Lanka requests that, it be allowed to delay the application of the provisions of the WTO Agreement on Customs Valuation for a further period of one year commencing 1 January 2001.

The request by Sri Lanka for an extension of the delayed application will not prejudice the rights and obligations of Sri Lanka under the WTO Agreements in particular, the rights and obligations under the WTO Agreement on Customs Valuation. The Government of Sri Lanka also takes this opportunity to re-assure her trading partners its firm commitment to the multilateral trading system and to faithfully implementing Article VII of the General Agreement of Tariffs and Trade (GATT) 1994.
