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THE DEVELOPMENT OF TRADE POLICIES IN THE ASIA AND PACIFIC REGION OVER THE PAST 30 YEARS SINCE 1989*

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* This paper was prepared as part of and for the event TPRM@30 in November 2019 celebrating the 30th anniversary of the TPRM.

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The Development of Trade Policies in the Asia and Pacific Region over the past 30 years since 1989[1]

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Abstract:

This paper reviews the main developments of trade and related policies and measures in the Asia and Pacific region during the 30 years since establishment, in 1989, of the Trade Policy Review Mechanism (TPRM). The objectives of the TPRM include facilitating the smooth functioning of the multilateral trading system by enhancing the transparency of WTO Members' trade policies. Reviews take place in the General Council, operating as the Trade Policy Review Body as peer-group assessments. This paper aims to identify the main trade liberalization/reform measures adopted over the 30 years and, to the extent possible, their developments, including adoption and abolition.[3] The main source of information is the documentation used for the WTO trade policy reviews (TPRs) of 30 Members within the Asia-Pacific region, in particular, the reports by the Secretariat.[4] Between 1989 and August 2019, 132 reviews for these Members were conducted; all documents used for the TPRs are available in the public domain.[5]

While TPRs cover a comprehensive set of trade and related policies and measures, including intellectual property and trade in services, this paper focuses on the main measures directly affecting imports and exports, such as customs valuation, tariffs, and export taxes. It also focuses on the developments of the Members' effort to improve the transparency of their trade policies and measures.

Key words:

trade policy review; trade policies; trade restrictions; trade facilitation

JEL Classification:

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[3] This paper is based on Trade Policy Reviews between 1989 and end-October 2019.

[4] Other documents used for this study are reports by the Members under review, minutes of the meetings, and their addenda, which contain written questions by other Members and replies to them by the Member under review.

[5] WTO. Viewed at: www.wto.org.

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1 INTRODUCTION

1.1. In the context of this paper, WTO Members in the Asia-Pacific region comprise 32 WTO Members: Afghanistan (no review has been held yet); Australia; Bangladesh; Brunei Darussalam; Cambodia; China; Fiji; Hong Kong, China; India; Indonesia; Japan; the Republic of Korea; Lao People's Democratic Republic (PDR) (no review has been held yet); Macao, China; Malaysia; Maldives; Mongolia; Myanmar; Nepal; New Zealand; Pakistan; the Philippines; Papua New Guinea; Samoa; Singapore; Solomon Islands; Sri Lanka; the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei); Thailand; Tonga; Vanuatu; and Viet Nam. This is a region with diverse Membership. There are 3 developed Members and 29 developing Members including 8 least-developed countries (LDCs).[6] Within the 32 Members, nominal per capita GDP in US dollar terms ranges from USD67,093 (Macao, China) to USD900 (Myanmar) (Table 1).[7] The population ranges from 1.43 billion (China) to 0.1 million (Tonga). The GDP growth rate in recent years ranged from 7.5% (Cambodia - 2018) to 0.1% (Brunei Darussalam – 2018) Geographically, time zones in the region span from UTC+4.5 (Afghanistan) to UTC+13h (Samoa).

Table 1 Nominal GDP per capita and trade as a share of GDP

	GDP per capita (USD)		Trade as a share of GDP (%)[a]	
	Earlier TPR	Latest TPR	Earlier TPR	Latest TPR
Australia	11,927 (1988)	62,485 (2013/14)	28[b] (1988)	42 (2013/14)
Bangladesh	880 (2011/12)	1,675 (2019)	50[a] (2011/12)	38[a] (2017/18)
Brunei Darussalam	54,394 (2008)	49,625 (2013)	91[b] (2008)	104[b] (2013)
Cambodia	803 (2010)	1,300 (2017)	127[a] (2011)	140[a] (2016)
China	7,078 (2013)	8,124 (2016)	34[b] (2015)	31[b] (2016) 32[b] (2017)
Fiji	5,531 (2009)	7,429 (2014)	..	130.6[b] (2012-14)
Hong Kong, China	40,316 (2014)	46,189 (2017)	144[b] (1979)	375 (2018)[a]
India	255 (1980)	1,500 (2013-14)	13-14 (1993)	53[a]
Indonesia	500 (1980s)	3,500 (2011)	Indonesia's ratio of merchandise exports to GDP grew from 21% to 24% (1985-1989), and that of merchandise imports from 12% to 18%. (1991)	Merchandise exports accounted for 21%-26% of GDP; imports accounted for 15%-19% of GDP (2013)
Japan	9,068 (1980)	32,583 (2015)	18[b] (1989-91)	28[b] (2011-13)
Korea, Republic of	5,607 (1990)	27,214 (2015)	75[b] (1990)	85[a] (2015)
Macao, China	13,575 (1992)	67,093 (2011)	127[a] (1992)	160[a] (2011)
Malaysia	3,090 (1992)	9,508 (2016)	150[a] (1990)	128[a] (2016)
Maldives	5,630 (2009)	6,739 (2014)	150[a] (2009)	199[a] (2014)
Mongolia	1,684 (2009)	4,069 (2013)	..	..
Myanmar	587 (2009/10)	900 (2011/12)	..	32[b] (2011/12)
Nepal	708 (2012-13)	1,004 (2017/18)	..	52[a]
New Zealand	28,574 (2008/09)	42,520 (2013/14)	40[b] (1990)	577[a] (2013/14)
Pakistan	367 (1989/90)	1,314 (2013/14)	40[a]	31[a] (2013/14)
Papua New Guinea	1,672 (2009)	2,556 (2017)	..	Merchandise exports (42% of GDP in 2017)
The Philippines	178 (1970)	2,951 (2016)	..	47[b]
Samoa	4,100 (2017)	4,100 (2017)	..	..
Singapore	9,278 (1990)	53,000 (2015)	320 [b] (1980)	368[a] (2012-14)
Solomon Islands	910 (2010)	1,940 (2015)	130[a] (2010)	99[a] (2015)
Sri Lanka	3,129 (2011)	3,924 (2015)	47[b] (2011)	36[b] (2015)

[6] LDCs in the region are Afghanistan, Bangladesh, Cambodia, Lao PDR, Myanmar, Nepal, Solomon Islands, and Vanuatu.
[7] World Bank. Viewed at: https://data.worldbank.org/indicator/ny.gdp.pcap.cd.

	GDP per capita (USD)		Trade as a share of GDP (%)[a]	
	Earlier TPR	Latest TPR	Earlier TPR	Latest TPR
Chinese Taipei	21,916 (2013)	24,337 (2017)	73[a] (2014)	118[a] (2017)
Thailand	5,598 (2011)	6,042 (2014)	39.5[a] (1990)	132[a] (2014)
Tonga	2,865 (2006/07)	4,557 (2011/12)	..	..
Vanuatu	..	2,900 (2018)	93[a] (2011)	106[a] (2016)
Viet Nam	843 (2007)	1,581 (2012)	..	172 [a] (2013)

a Trade (exports + imports) in goods and services to GDP
b Merchandise trade to GDP

1.2. Since the first TPR of Australia (which was also the first ever TPR) was held in 1989 under the GATT, 132 TPRs for 30 Members (out of the 32 Members in the Asia-Pacific region), under the GATT and under the WTO, have been held. During the 30-year period, Japan was reviewed 13 times, Myanmar, Samoa, Tonga, Vanuatu, and Viet Nam were reviewed once each, and neither Afghanistan nor Lao PDR has yet been reviewed (Table 2).

Table 2 Years TPRs of Asia-Pacific Members were held

	Members	Years of reviews
1	Afghanistan (Member since 2016)	No reviews held yet
2	Australia	1989, 1994, 1998, 2002, 2007, 2011, 2015
3	Bangladesh	1992, 2000, 2006, 2012, 2019
4	Brunei Darussalam	2001, 2008, 2015
5	Cambodia (Member since 2004)	2011, 2017
6	China (Member since 2001)	2006, 2008, 2010, 2012, 2014, 2016, 2018
7	Fiji	1997, 2009, 2016
8	Hong Kong, China	1990 (Hong Kong), 1994 (Hong Kong), 1998, 2002, 2006, 2010, 2014, 2018
9	India	1993, 1998, 2002, 2007, 2011, 2015
10	Indonesia	1991, 1994, 1998, 2003, 2007, 2013
11	Japan	1990, 1992, 1995, 1998, 2000, 2002, 2005, 2007, 2009, 2011, 2013, 2015, 2017
12	Korea, Republic of	1992, 1996, 2000, 2004, 2008, 2012, 2016
13	Lao People's Democratic Republic (Members since 2013)	To be held in November 2019
14	Macao, China	1994 (Macau), 2001 (Macau, China), 2007, 2013
15	Malaysia	1993, 1997, 2001, 2006, 2010, 2014, 2018
16	Maldives	2003, 2009, 2016
17	Mongolia (Member since 1997)	2005, 2014
18	Myanmar	2014
19	Nepal (Member since 2004)	2012, 2018
20	New Zealand	1990, 1996, 2003, 2009, 2015
21	Pakistan	1995, 2002, 2008, 2015
22	Papua New Guinea	2000, 2010, 2019
23	The Philippines	1993, 1999, 2005, 2012, 2018
24	Samoa (Member since 2012)	2019
25	Singapore	1992, 1996, 2000, 2004, 2008, 2012, 2016
26	Solomon Islands	1998, 2009, 2016
27	Sri Lanka	1995, 2004, 2010, 2016
28	Chinese Taipei (Member since 2002)	2006, 2010, 2014, 2018
29	Thailand	1991, 1995, 1999, 2003, 2007, 2011, 2015
30	Tonga (Member since 2007)	2014
31	Vanuatu (Member since 2012)	2018
32	Viet Nam (Member since 2007)	2013

Source: WTO documents.

1.3. The TPRM was provisionally established at the Montreal Mid-Term Review of the Uruguay Round in December 1988, under the GATT.[8] The Mechanism was subsequently made permanent under the WTO. Annex 3 to the WTO Agreement, agreed by Ministers in April 1994, placed the TPRM as one of the WTO's basic functions. With the entering into force of the WTO in 1995, the mandate of the TPRM was broadened to cover services trade and the trade-related aspects of intellectual property. The objectives of the TPRM include facilitating the smooth functioning of the

[8] WTO. Viewed at: https://www.wto.org/english/tratop_e/tpr_e/tp_int_e.htm.

multilateral trading system by enhancing the transparency of Members' trade policies. All WTO Members are subject to review under the TPRM. Until 2018, the four Members with the largest shares of world trade (the European Union, the United States, Japan and China) were reviewed every two years, the next 16 were reviewed every four years, and the others were reviewed every six years. A longer period may be fixed for LDC Members. As a result of an amendment to Annex 3 in July 2017, these review cycles became three, five and seven years respectively, beginning on 1 January 2019. The purpose of the TPRM is not to check Members' compliance with their WTO obligations; it is to enhance transparency of trade and related policies.

1.4. As the purpose of the TPRM is transparency, it is difficult to discern from the outcomes of TPRs whether Members have complied with their WTO obligations. Nonetheless, TPRs can indicate what reforms have taken place, or at least that the authorities have confirmed or stated that they have taken place. In several "concluding remarks by the Chair", which is read out at the end of each Trade Policy Review Body meeting, the Chair often indicates that since the previous TPR of the Member under review, it has undertaken measures for trade liberalization. The information base of this paper is the documents used for the 132 TPRs, with the main source being the Secretariat's reports, which are largely verified by the authorities of the Member under review.

1.5. Some large traders, such as China and Japan, undertook substantial reforms over the decades to further open their economies. In smaller traders, too, the direction of reform of their trade policies and measures has been to align them as closely as possible with WTO Agreements and to further liberalize trade. Indeed, in many Asia-Pacific Members, merchandise trade (the sum of imports and exports) to GDP ratio has increased over the past 30 years (Table 1). In developed Members, for example, in Japan, the ratio was around 17% in 1989 and 28% in 2011-13. In Australia, it was around 28% in 1988 and 42% in 2013/14. In developing Members, for example, in Indonesia, the ratio increased from 42% in 1988 to 45% in 2011.

1.6. While the Secretariat's reports cover various policies and measures as comprehensively as possible, sometimes it is difficult to know when a measure was introduced or eliminated, partly because of lack of information, and partly because of a difference in focus between TPRs. As the Secretariat's reports are the main source of information for this paper, there is a possibility of ambiguity regarding policy or measures; under such circumstances, further verification might be required to confirm the duration and content of a measure.

2 OVERVIEW OF DEVELOPMENTS OF TRADE POLICIES IN INDIVIDUAL ASIA-PACIFIC MEMBERS

2.1. Developments in trade policies can be reviewed in respect of Members' adoption or elimination of certain trade policies and measures, as well as how some indicators, such as the simple average MFN tariff, have developed. While TPR reports compiled by the Secretariat cover several areas, this Section attempts to summarize trade policies and measures including measures directly affecting imports and exports (e.g. tariffs and export taxes), in each of the Asia-Pacific Members.

Table 3 Simple average tariff rates (%)

Country (year of accession for non-original Members)	Simple average applied MFN rates						Simple average bound rates
	Pre-1995	Between 1996 and 2000	Before accession to WTO (for those Members that acceded to WTO per Art. XII of the GATT 1994)	Recent years	Latest years	% of bound tariff lines	
Australia	10.4 (mid-1993)	5.6 (1998)	N.A.	4.3 (2001/02)	3.0 (2014)	96.6 (2014)	9.9 (2014)
Agriculture	0.9[d]	1.2	N.A.	1.2	1.4	100.0[a]	3.1
Industries/manufacturing	11.1[d]	6.3	N.A.	4.7	3.3	96.2[b]	11.2
Bangladesh	58.2 (1992/93)	22.2 (1999/00)	N.A.	14.9 (2011/12)	14.8 (2018/19)	19.0 (2018/19)	162.0 (2018/19)
Agriculture	62.2	25.1	N.A.	19.4	20.3	70.4	184.0
Industries/manufacturing	57.6	21.8	N.A.	13.9	13.2	4.9	75.4

Country (year of accession for non-original Members)	Simple average applied MFN rates					% of bound tariff lines	Simple average bound rates
	Pre-1995	Between 1996 and 2000	Before accession to WTO (for those Members that acceded to WTO per Art. XII of the GATT 1994)	Recent years	Latest years		
Brunei Darussalam	..	3.1 (2000)	N.A.	4.8 (2007)	1.7 (2014)	89.1 (2014)	25.4 (2014)
Agriculture	..	0.0	N.A.	0.0	0.0	..	23.2
Industries/manufacturing	..	3.6	N.A.	5.4	2.1	..	25.9
Cambodia (2004)	..	..	17.3 (2003)	11.7 (2011)	12.3 (2017)	100.0 (2017)	20.9 (2017)
Agriculture	..	..	20.6	15.4	16.1	100.0	28.1
Industries/manufacturing	..	..	16.7	11.1	11.5	100.0	20.9
China (2001)	..	..	15.6 (2001)[c]	9.7 [9.8] (2005)[c]	[9.5] (2017)	100.0 (2017)	9.8 (2017)
Agriculture	..	..	23.2	14.6	[13.7]	100.0	15.1
Industries/manufacturing	..	..	14.3	8.9	[8.6]	100.0	9.0
Fiji	..	12.4 (1996)	N.A.	7.9 (2003)	11.2 (2015)	49.5 (2015)	40.2 (2015)
Agriculture	..	..	N.A.	9.1	13.9	77.4	40.6[a]
Industries/manufacturing	..	..	N.A.	7.7	10.6	43.9	40.0[b]
Hong Kong, China	..	0.0 (1996)	N.A.	0.0 (2006)	0.0 (2018)	47.5 (2018)	0.0 (2018)
India	85.0 (1993/94)	35.3 (1997)	N.A.	32.3 (2001)	13.0 (2014/15)	74.9 (2014)	50.0 (2014)
Agriculture	83.0[d]	33.8	N.A.	41.7	36.4[a]	..	119.2[a]
Industries/manufacturing	85.0[d]	35.6	N.A.	30.8	9.5[b]	..	35.5[b]
Indonesia	20.0 (1994)	9.5 (1998)	N.A.	9.5 (2006)	7.8 (2012)	95% (2012)	37.4 (2012)
Agriculture	..	..	N.A.	11.4	9.5	..	47.1
Industries/manufacturing	..	..	N.A.	9.2	7.5	..	35.6
Japan	[7.0] (1994)	5.4 (1998/99)	N.A.	[6.4] (2004/05)	[6.1] (2016/17)	98.2 (2016)	6.2 (2016)
Agriculture	[5.0][d]	11.8	N.A.	[16.8]	[14.5]	..	16.7[a]
Industries/manufacturing	[7.2][d]	3.9	N.A.	[3.9]	[3.5]	..	3.6[b]
Korea, Republic of	7.9 (1994)	14.4 (1996)	N.A.	17.2 (2004)	14.1 (2016)	90.1 (2016)	18.5 (2016)
Agriculture	..	51.8	N.A.	61.1	51.3	..	68.6
Industries/manufacturing	..	7.7	N.A.	10.0	6.4	..	9.3
Macao, China	0.0 (1994)	0.0 (1996)	N.A.	0.0 (2005)	0.0 (2013)	27.9 (2013)	0.0 (2013)
Malaysia	15.2 (1993)	8.1 (1997)	N.A.	8.1 (2005)	7.5 (2017)	80.6 (2013)	15.6 (2013)
Agriculture	..	..	N.A.	3.2	2.7	..	11.2
Industries/manufacturing	..	..	N.A.	8.7	8.3	..	16.5
Maldives	..	..	N.A.	20.8 (2002)	13.9 (2015)	94.9 (2015)	37.7 (2015)
Agriculture	..	..	N.A.	17.8	11.3	..	44.2
Industries/manufacturing	..	..	N.A.	21.2	14.3	..	36.6
Mongolia (1997)	..	..	..	5.0 (2000)	5.0 (2013)	100.0 (2013)	17.7 (2013)
Agriculture	..	..	..	5.1	5.2	100.0	18.6
Industries/manufacturing	..	..	..	4.9	5.0	100.0	17.5
Myanmar	..	5.7 (1996)	N.A.	6.1 (2008)	5.5 (2013)	18.5 (2013)	87.2 (2013)
Agriculture	..	8.5	N.A.	8.9	8.9	..	..
Industries/manufacturing	..	5.2	N.A.	5.7	5.0	..	..
Nepal (2004)	..	..	13.8 (2002/03)	12.3 (2008/09)	12.0 [12.4] (2018/19)	99.0 (2018/19)	26.6 (2018/19)
Agriculture	..	..	13.9	13.0	12.5 [14.5]	..	39.6
Industries/manufacturing	..	..	13.7	12.2	11.9 [11.9]	..	23.8
New Zealand	..	6.2 (1996/97)	N.A.	4.1 (2002)	2.4 (2014)	100.0 (2014)	11.2 (2014)
Agriculture	..	4.4	N.A.	2.1	1.7	100.0	7.4
Industries/manufacturing	..	7.6	N.A.	4.4	2.5	100.0	11.8
Pakistan	56.0 (1993/94)	41.7 (1996)	N.A.	20.4 (2001/02)	14.3 (2014/15)	97.9 (2012)	61.5 (2012)
Agriculture	..	47.2	N.A.	21.8	14.4	..	96.3
Industries/manufacturing	..	40.8	N.A.	20.2	14.3	..	56.6
Papua New Guinea	..	20.4 (1998/99)	N.A.	5.1 (2008)	3.9 [4.0] (2019)	100.0 (2019)	33.6 (2019)
Agriculture	..	37.8[d]	N.A.	15.3	10.1 [11.0][a]	..	44.0[a]
Industries/manufacturing	..	19.5[d]	N.A.	3.2	2.8[b]	..	31.9[b]

Country (year of accession for non-original Members)	Simple average applied MFN rates						Simple average bound rates
	Pre-1995	Between 1996 and 2000	Before accession to WTO (for those Members that acceded to WTO per Art. XII of the GATT 1994)	Recent years	Latest years	% of bound tariff lines	
The Philippines	22.6 (1993)	9.7 (1999)	N.A.	7.4 (2004)	7.6 (2017)	65.2 (2017)	25.7 (2017)
Agriculture	..	14.8	N.A.	10.6	10.3	..	35.5[a]
Industries/manufacturing	..	8.9	N.A.	6.9	7.1	..	23.3[b]
Samoa (2012)	..	..	..	11.4 (2012)	11.4 (2018)	100.0 (2018)	21.5 (2018)
Agriculture	..	..	..	14.7[a]	15.0[a]	..	26.4[a]
Industries/manufacturing	..	..	..	10.8[b]	10.7[b]	..	20.6[b]
Singapore	0.5 (1989)	0.0 (1996)	N.A.	0.0 (2008)	0.0 (2016)	69.3 (2016)	6.9 (2016)
Agriculture	..	..	N.A.	0.0	0.0	100.0[a]	9.4[a]
Industries/manufacturing	..	..	N.A.	0.0	0.0	64.6[b]	6.4[b]
Solomon Islands	..	22.7 (1998)	N.A.	9.1 (2009)	9.2 [9.3] (2015)	100.0 (2015)	79.3 (2015)
Agriculture	..	..	N.A.	9.4	9.4 [10.1][a]	..	72.0
Industries	..	..	N.A.	9.1	9.2 [9.1][b]	..	80.4
Sri Lanka	..	11.8 (1998)	N.A.	9.8 (2003)	10.3 [10.9] (2016)	37.5 (2016)	34.0 (2016)
Agriculture	..	27.0	N.A.	21.0	25.3 [28.6][a]	100.0	50.3
Industries/manufacturing	..	9.4	N.A.	7.9	7.8[b]	26.3	22.8
Chinese Taipei (2002)	..	..	..	[9.5] (2002)	[7.2] (2018)	100.0 (2018)	7.5 (2018)
Agriculture	..	..	..	[26.8]	[19.2]	100.0	20.0
Industries/manufacturing	..	..	..	[5.9]	[4.2]	100.0	4.4
Thailand	44.0 (1988)	17.1 (1999)	N.A.	[11.0] (2006)	13.0 [13.4](2014)	73.6 (2011)	28.1 (2011)
Agriculture	..	32.1	N.A.	[25.2]	31.6 [34.7]	..	37.1
Industries/manufacturing	..	14.6	N.A.	[8.7]	10.1	..	26.1
Tonga (2007)	..	..	..	11.6 (2008)	11.5 (2013)	100.0 (2012)	17.6 (2012)
Agriculture	..	..	..	12.4	10.5	100.0	19.2
Industries/manufacturing	..	..	..	11.4	11.7	100.0	17.3
Vanuatu (2012)	..	..	..	[9.2] (2012)	[9.3] (2018)	100.0 (2017)	40.2 (2017)
Agriculture	..	..	..	..	17.2	100.0	48.5
Industries/manufacturing	..	..	..	..	[7.6]	100.0	38.4
Viet Nam (2007)	..	..	..	18.5 (2007)	10.4 (2013)	100.0 (2007)	13.4 (2007)
Agriculture	..	..	..	29.4	17.4	100.0	21.7
Industries/manufacturing	..	..	..	17.0	9.0	100.0	12.3

Note: Because TPRs are held in different years in accordance with intervals specified in Annex III of the WTO Agreement, it is not possible to obtain simple average applied MFN tariffs, which are calculated by the WTO Secretariat based on tariff information provided by the authorities. Thus, cross section comparisons between countries might be difficult. Unless otherwise mentioned, agriculture is defined as products that fall under HS01-24, and industries those fall under HS25-97. Calculations exclude in-quota rates and non-*ad valorem* rates (figures in square brackets include *ad valorem* equivalents of non-*ad valorem* rates).

a Agriculture (WTO definition)
b Non-agriculture (WTO definition)
c Calculations include interim duty rates.
d Further definition unspecified.

.. Not available.

N.A. Not applicable.

2.2. In **Australia**, the simple average applied MFN tariff came down from 10.4% in mid-1993 to 5.6% in 1998, and to 3.0% in 2014, compared with its simple average bound rate of 9.9% (2014). Australia's TPRs have indicated that tariff protection is relatively high in the passenger motor vehicles (PMV) and the textiles, clothing and footwear (TCF) industries. As in many other Members, tariffs, rather than non-tariff measures, have become Australia's main trade policy instruments over the past 30 years. At the time of its second TPR in 1994, import protection in Australia relied more on tariffs than quantitative restrictions or other non-tariff measures. Within tariff measures, only cheese imports were subject to a tariff quota. Export duties on coal had been abolished. Nonetheless, quarantine regulations restricted imports of a wide range of farm products, including fresh fruit and vegetables and seeds of major field crops. Local content schemes on fruit juice and tobacco products continued to shield domestic producers of inputs from import competition. By the time of its third TPR in 1998, Australia had tariffied all remaining quantitative restrictions in agriculture. Local-content schemes for fresh fruit juices and tobacco had been eliminated. In the PMV industry, value-added requirements existed to make a company eligible for the duty-free import allowance scheme. At the time of its fourth TPR in 2002, the tariff rates applied to the PMV and TCF industries were two to three times higher than the average for industrial products. Australia had also maintained the export ban on merino ewes and embryos for breeding purposes except to New Zealand under ANZCERTA and for approved scientific purposes. At the time of its fifth TPR in 2007, export licensing restrictions were maintained for reasons related to SPS, the environment, and alignment with international agreements. Export quotas remained on some cheese products and merino sheep (exports of merino sheep were liberalized as from January 2010). At the time of its seventh TPR in 2015, in line with long-standing, though decreasing, sectoral support to PMV and TCF industries, the applied MFN tariff rates on PMV products remained considerably higher than average. Customs valuation legislation was amended to ensure consistency with the WTO Agreement on Customs Valuation (CVA).

2.3. In **Bangladesh**, which is an LDC, the simple average applied MFN tariff decreased from 58.2% in 1992/93 to 22.2% in 1999/00, and to 14.8% in 2018/19. However, tariffs were occasionally increased. In 2000, Bangladesh adopted the CVA, while preshipment inspection (PSI) became mandatory; it would appear that PSI was eliminated by 2012. However, minimum import prices continue to be used. Certain products continued to be subject to export prohibitions and restrictions, and export duties are levied on certain products. Transparency has considerably increased. At the time of its second TPR in 2000, the combined share of textiles and clothing in Bangladesh's exports grew from 70.4% in 1992 to 83.5% in 1998. While Bangladesh had considerably increased the transparency of its trade regime, it was still characterized by a certain lack of transparency as regards the application of certain trade and related measures (notably customs administration, tariff concessions, advance income taxes on imports and exports, import surcharges, subsidies and other assistance, competition policy, and the regulatory framework). The tariff accounted for nearly one third of total tax revenues. Bangladesh made considerable efforts to simplify and rationalize the tariff structure by reducing the number of tariff bands from 15 in 1992/93 to 5 in 1999/2000 and lowering the maximum tariff rate from 300% to 37.5%. Further protection and unpredictability arose because customs valuation was not always based on transaction prices. At the time of its third TPR in 2006, Bangladesh met obligations relating to WTO notifications in certain areas, such as agriculture and import licensing. It had bound 15% of all tariff lines. While 100% of agricultural tariff lines (WTO definition) were bound, only 3% of industrial tariff lines were bound. In 2005/06, the applied MFN tariff rates of more than 40 eight-digit items were increased significantly. In February 2000, Bangladesh passed legislation to implement the CVA; PSI then became mandatory. Significant progress was made in reducing the product coverage of the control list containing import prohibitions and restrictions in force; only two HS 4-digit products (live poultry, and eggs) were subject to a trade-related ban and one (common salt) to a trade-related restriction. Export prohibitions were maintained for various reasons including maintenance of adequate domestic supply. At the time of its fourth TPR in 2012, while the economy had become increasingly open, total merchandise exports had remained limited, averaging 18% of GDP since 2006. Additional border protection had been maintained through other charges and internal taxes, notably regulatory duties and supplementary duties. It would appear that PSI was removed completely at the end of 2012 after the expiry of contracts with the PSI agencies. At the time of its fifth TPR in 2019, while the transaction value method remained in general use, pre-set customs value or minimum value continued to apply for numerous items. Import bans applied to *inter alia* shrimps, and some vehicles and their parts. Several items (e.g. methanol/methyl alcohol, and crude soya-bean oil) were allowed to be imported only by recognized industrial units or stakeholders. Certain products continued to be subject to export prohibitions and restrictions, and export duties ranging from 2%-25% continued to be levied on certain products.

2.4. In **Brunei Darussalam**, the simple average applied MFN tariff decreased from 3.1% in 2000 to 1.7% in 2014; its simple average bound tariff was 25.4% in 2014. Brunei Darussalam took steps to further facilitate trade in 2008, and the operation of a single window in 2014. Brunei Darussalam does not have export taxes, charges, levies or minimum export prices. At the time of its first TPR in 2001, Brunei Darussalam prohibited imports of opium, firecrackers, vaccines from Chinese Taipei, and arms and ammunition for health, security, and moral reasons. Products subject to import restrictions included: rice, sugar, and salt (for the purpose of maintaining food supplies); beef, poultry and alcoholic beverages (for religious reasons); and plants and live animals, converted timber, and used vehicles five years and older (for safety reasons). Imported eggs had to be stamped to distinguish them from local ones. Import licences appear to be required for, *inter alia*, telecommunications equipment, medical products, chemicals, and live plants and animals. Although Brunei Darussalam maintained no import quotas, imports of meat and poultry were monitored and subject to an annual ceiling to avoid excess supply in the local market. At the time of its third TPR in 2015, Brunei Darussalam took steps to further facilitate trade, such as e-Customs which had been fully operational since 2008 allowing traders to submit applications electronically, and Brunei Darussalam National Single Window, which began to operate in January 2014. Brunei Darussalam had no customs fees for import/export procedures or registration. It does not have export taxes, charges, levies or minimum export prices.

2.5. In **Cambodia**, which became a WTO Member on 13 October 2004, is the second LDC to join through the full accession process; it underwent two TPRs in 2011 and 2017. The simple average applied MFN tariff decreased from 17.3% in 2003 to 12.3% in 2017; the average bound tariff was 20.9% in 2017. Cambodia has bound all of its tariff lines. With a view to enhancing trade facilitation and ensuring the accuracy of the customs declaration, Cambodia has initiated procedures for advance ruling in customs procedures. It applies export licensing requirements as well as export taxes. At the time of its first TPR in 2011, tariffs were a major source of government revenue, amounting to 16.9% of total tax revenue in 2010. Overall, trade-related taxes, comprising customs duties, VAT, and excise taxes on imports, and export taxes and additional duties, accounted for over 56% of total tax revenue in 2010, down from almost 70% in 2004. As at January 2011, according to the authorities, all imports complied with WTO valuation methods. Cambodia notified the WTO in 2010 that it no longer had any laws or regulations on PSI. At the time of its second TPR in 2017, the simple average applied MFN tariff in 2017 was 12.3%, a slight increase from 11.7% in 2011; the change was due to changes in nomenclature. More than 1,500 tariff lines were subject to import prohibition or licensing. Certain products (mainly rubber, processed timber, jewellery, silverware uncut or unprocessed precious stones, fish and other aquatic products, art and cultural products, raw fruit and vegetables, live animals, garments, drugs and medicines and certain agricultural materials) require export licences, certificates and permission letters. Cambodia levies export taxes on certain unprocessed raw materials and products to encourage local processing, encourage exports of finished products, and protect human health.

2.6. Since its accession to the WTO in 2001, **China** has gradually liberalized its trade policies and made them more transparent. The simple average applied MFN tariff rate decreased from 15.6% in 2001, just before its accession to the WTO, to 9.5% in 2017 (the average bound rate in 2017 was 9.8%). By 2008, all foreign trade-related laws, regulations, and rules had been posted in the China Foreign Trade and Economic Gazette, edited and published by MOFCOM. The contribution of the private (non-public) sector to GDP increased. A large number of trade-related laws were reviewed and revised as part of China's accession to the WTO. Import quotas and trading rights, which had been granted to certain qualifying traders, were eliminated at end-2004. China also used various forms of "trials" or "pilot projects", such as the Shanghai Pilot Free Trade Zone, to implement provisional liberalization measures. Since its accession to the WTO, China has continued to use prohibitions, restrictions and licensing on some imports and exports, as well as export taxes and quotas. At the time of its first TPR in 2006, particularly as a result of its accession to the WTO, China had carried out major trade and trade-related reforms. The tariff was entirely bound and applied rates were generally at or close to bound rates, lending a high degree of predictability to the tariff. Non-tariff measures also fell progressively as China implemented its commitments under its Protocol of Accession to the WTO. Import quotas and trading rights (the latter granted to certain qualifying traders) were discontinued at the end of 2004, while import prohibitions and licensing had been reduced progressively. China maintained import prohibitions, largely for health and safety reasons and under international conventions. Non-automatic import licences were used mainly for imports that were restricted under international conventions. Tariff quotas existed for some agricultural products and fertilizers and state trading was used to manage imports of some products. Export barriers, while falling, did not keep pace with the reform regarding import measures and were used in part to ensure stability in domestic supplies of certain products. The export regime, which included export taxes, prohibitions, licensing, and quotas, remained complex. Export restrictions, including prohibitions and licensing, were maintained, *inter alia*, to avoid domestic supply shortages and to meet international obligations. China had global export quotas on some agricultural products, as well as on petroleum and some minerals, while destination specific quotas were maintained for exports of live cattle, swine, and fowl to the special administrative regions (SARs) of Hong Kong and Macao. Under memoranda of understanding signed with the European Union and the United States, China also maintained export restraints on certain textiles and clothing products; these were due to remain in place until the end of 2007 and 2008, respectively. In addition, export of rice, maize, cotton, coal, crude and processed oil, tungsten ore and products, antimony ore and products, silver, and tobacco products were subject to state trading. Frequent changes were made to VAT rebate rates and interim export tax rates to, *inter alia*, ensure adequate domestic supply of certain products. By the time of its second TPR in 2008, China's already complex export regime had become considerably more restrictive. A variety of measures, including export taxes, reduced rebates of VAT on exports, and export prohibitions, licensing and quotas, were used to restrain, if not prohibit, exports of a considerable and growing number of products. Although some of these export restraints were implemented to meet China's international obligations, many were intended to, *inter alia*, reduce exports of products using large amounts of natural resources and energy, or to reduce China's large trade surplus in an attempt to reduce trade friction. The number of tariff lines subject to interim export duties was almost doubled in the last two years, VAT rebate rates on exports of some 2,800 lines (HS 8-digit) were eliminated or lowered in July 2007, and the number of lines subject to export quotas and licensing requirements has increased. At the time of its fourth TPR in 2012, notice-and-comment procedures were becoming more prevalent in the process of drafting trade laws, regulations, and departmental rules, but it seemed that not all trade-related information was made available to the public. Export taxes on 17 tariff lines had been eliminated and interim export duty rates had been reduced on 21 tariff lines since 1 January 2010. At the same time, China introduced requirements for enterprises to declare the weight percentage of rare-earth components contained in certain exports, increased the total number of tariff lines subject to export quotas, and adopted seasonal special export taxes. At the time of its fifth TPR in 2014, China continued to impose export taxes on certain products, and quotas or bans on others. The list of goods subject to "statutory" and interim export taxes was issued every year. Exports that were subject to interim taxes could also be subject to special export duties, which were applied seasonally and could be substantially higher than interim duty rates. Export taxes were applied to some 4.2% of all tariff lines at the HS 8-digit level in 2013. At the time of its sixth TPR in 2016, paperless customs clearance had been implemented across China in 2014, except for goods subject to licensing or other restrictions. Imports continued to be classified into three categories: not restricted, restricted and prohibited. Since the fifth TPR, automatic import licensing requirements were removed for certain machinery and equipment, and vehicles. Restricted goods were administered through non-automatic licences and/or quotas. In 2015, 134 tariff lines at the HS 8-digit level were subject to non-automatic import licensing; these imports were mainly second-hand machinery and electronic equipment. At the time of its seventh TPR in 2018, about one third of imports were declared through single windows. Clearance times of imports were reduced to an average of 16.7 hours in 2017 from over 22 hours in 2016. China accepted the Agreement on Trade Facilitation in September 2015. It notified its Category A commitments, which covered the majority of measures, in June 2014, and its Category B commitments in June 2017. China did not have any Category C commitments. The simple average applied MFN rate as at December 2017 was 9.3%. A tariff reform implemented in December 2017 reduced applied MFN tariffs for some 200 consumer products. Tariff rate quotas applied to 47 tariff lines. In January 2018, China began to prohibit the importation of 24 kinds of solid waste. Export taxes applied mostly on metals and ores. In 2017, global export quotas applied to 100 tariff lines.

2.7. In **Fiji**, the simple average applied MFN tariff decreased from 12.4% in 1996 to 11.2% in 2015; the average bound tariff was 40.2% in 2015. Nonetheless, the tariff average was moving upwards, from 7.9% in 2003 to 10.4% in 2008, and to 11.3% in 2009. Fiji is a small, island nation in the South-Pacific whose economy relies strongly on sugar, tourism and the clothing sector. Fiji has applied the CVA since 1997. It levied export taxes. Import and export prohibition, restrictions and licensing are used. By the time of its first TPR in 1997, Fiji's tariff structure had been simplified, with the maximum *ad valorem* tariff on almost all lines reduced from 50% in 1991 to 22.5%. Border charges accounted for some 46% of the Government's budgetary revenue in 1995. Customs valuation has been in accord with the CVA since 1 January 1997. For revenue purposes, Fiji imposed export taxes on sugar and gold. Export controls were mainly applied for cultural, health, or environmental reasons or under international conventions. Specific licences were required for the export of some products, including sugar, wheat bran, copra meal, certain lumber, and selected animals. Fiji had no export quotas or voluntary export restraints. At the time of its second TPR in 2009, additional *de facto* tariffs, the separate "import excise taxes" that had been levied since 2006 only on imports, covered 9.8% of tariff items in 2008. Including these rates raised the simple average MFN tariff in 2008 to 11.4% (12.4% in 2009). Fiji had improved its customs operations and adopted the transaction value. Discriminatory excise taxes applied to imported tobacco products, and a 50% local-content scheme encouraged use of domestic leaf. At the time of its third TPR in 2016, Fiji continued to apply excise duties, applicable only to imports, to 9.1% of the total tariff lines. A large number of import prohibitions, restrictions, and licensing requirements for health, security, and moral reasons remained in place. Exports were controlled by an extensive export licensing system. To promote domestic downstream processing and thus value-added, export duties of 3% apply to sugar, molasses, and other gold and silver manufacturing products. In 2010, Fiji introduced a new comprehensive competition law that addressed competition affairs, consumer protection, and price controls. It established the Fiji Commerce Commission as an independent statutory body.

2.8. **Hong Kong, China** has zero applied tariffs on all imports. It adopted its first comprehensive competition law on 14 June 2012. Until that date, anti-competitive conduct was discouraged through voluntary compliance of the business community with administrative guidelines.

2.9. In **India**, the simple average applied MFN tariff came down from 85.0% in 1993/94 to 35.3% in 1997, and to 13.0% in 2014/15; the simple average bound tariff was 50.0% in 2014. The Government initiated a major programme of economic reform and liberalization in 1991, reversing a policy direction followed for decades. Since then, successive governments have progressively reduced tariff protection, relaxed and simplified India's restrictive import licensing regime, and adopted measures for trade facilitation. Despite the implementation of these measures, India's import regime has remained complex, especially its licensing and permit system, and its tariff structure, which has multiple exemptions, with rates varying according to product, user or specific export promotion programme. At the time of its first TPR in 1993, trade-related reforms introduced since July 1991 had begun removing major impediments to structural change. The reforms focused primarily on cutting tariffs and reducing licensing restrictions, through the introduction and pruning of negative lists for imports (and exports). Tariff rates were reduced. Substantial liberalization was also made to India's import licensing regime; however, blanket licensing restrictions on imports of consumer goods (broadly defined), as well as canalization of key products, continued to insulate many domestic industries from international competition. At the time of its second TPR in 1998, tariff reform since 1993 brought the simple average tariff to 35% in 1997/98 from 71% in 1993/94, although the structure of the tariff remained complex with a large number of bands. Reforms to the system of restrictive import licensing moved ahead steadily. The list of freely importable goods covered some 68% of tariff lines; remaining restrictions covered mainly consumer goods. By the time of its third TPR in 2002, trade and related reforms had been pursued although more gradually than during the early 1990s. The customs tariff became the main form of border protection. In addition to the tariff, importers had to pay additional and special duties on a number of products. The gap between applied MFN rates and bound rates provided ample scope for applied rates to be raised on a few agricultural products. India had become one of the major users of anti-dumping measures, with some 250 cases initiated since 1995. Certain imports, such as automobiles and natural rubber, were allowed to enter India only through specified ports. At the time of its fourth TPR in 2007, import duties were among India's main trade instruments, and were an important source of tax revenues, accounting for around 17.5% of Central Government tax revenue. At the time of its fifth TPR in 2011, an electronic system for customs clearance had been introduced and a risk management system was in place to selectively screen high- and medium-risk cargo for customs examination. India's tariff was announced in the annual Budget; individual tariff rates could be changed during the year. In addition to the standard tariff rate, importers were required to pay an additional duty (countervailing duty) and a special additional duty instead of local taxes. In general, the value of imports was based on the transaction value. India used "tariff values"(reference prices), to calculate customs duty levied on imports of, *inter alia*, certain palm oils, crude soybean oil, poppy seeds, and brass scrap. These "tariff values" were, in principle, revised every two weeks and adjusted to align them with international market prices. Imports could be subject to prohibitions, restrictions, and licensing requirements. Import restrictions were imposed on grounds of, *inter alia*, health, safety, moral and security reasons, and for self-sufficiency and balance of payments reasons. Export prohibitions and restrictions were mainly in place to ensure domestic supply of specific goods and thus could be removed and applied as the circumstances require. By the time of its sixth TPR in 2015, India adopted the use of self-assessment in its customs procedures in 2011, and around 97.6% of imports were processed via the risk management system. In 2012, India discontinued monitoring of some imported goods that were considered sensitive. In 2014, exclusive rights accorded to import 11 agricultural products were removed; however, India continues to apply import quotas on marble and similar stones and sandalwood.

2.10. In **Indonesia**, the simple average applied MFN tariff decreased from 20.0% in 1993 to 9.5% in 1998, and to 7.8% in 2012; the average bound rate (final) was 37.4% in 2012. While tariffs came down over roughly the three decades since the early 1990s, in some instances, tariffs increased. Non-tariff measures were also reduced; however, they remain complex and opaque. At the time of its first TPR in 1991, tariffs and import licensing were the principal instruments of import policy. Import surcharges of up to 40% applied mainly to goods receiving relatively high tariffs, although Indonesia had never applied variable levies or seasonal tariffs. Reforms to the import licensing system had reduced both its coverage and restrictiveness. Imports of many goods were either no longer restricted or could be freely made for use as inputs by producers. However, restrictive import licences continued to distort domestic production patterns; about one quarter of all goods produced domestically were covered by the licensing system. Merchandise, which could only be imported by authorized importers, covered some 10% of tariff items. Local content requirements remained high on some other products. For commercial vehicles, trucks and motorcycles, a 100% local content of components remained the objective. Content requirements could vary among firms on the basis of *ad hoc* decisions by the Ministry of Industry. On the export side, restrictions and regulations applying mainly to natural resource-based industries, affected over one-quarter of Indonesia's production of tradeable goods. These included prohibitions on logs, rattan, raw hides and cement; quotas on goods like rattan mats; taxes on several export items, including specific rates with a high incidence on certain varieties of sawn timbers; and licensing of registered and supervised goods requiring export approval from the Minister of Trade. Export prohibitions applied by Indonesia on tropical logs and rattan had contributed greatly to the improved export performance of downstream producers, such as plywood and furniture manufacturers. Only registered exporters were allowed to export goods to which restrictions were applied in overseas markets, in particular textiles, clothing and tapioca. Exports of plywood, spices and rattan mattes were also reserved for registered exporters. Export quotas existed. Indonesia also operated a comprehensive system of export taxes. At the time of its second TPR in 1994, trade-related reforms introduced since 1990 had focused primarily on lowering tariffs and surcharges, reducing import licensing restrictions and deregulating the investment regime. Tariffication of non-tariff barriers had been extended, and rates had been reduced on some products. Import licences covered some 260 tariff lines, compared with over 1,100 in 1990. Export controls, including bans, quotas, taxes, licensing and compulsory quality standards, affected over half of Indonesia's non-oil exports, especially in the area of wood products. At the time of its third TPR in 1998, applied MFN tariffs had been reduced from a simple average of about 20% in 1994 to 9.5% in 1998. The number of tariff lines covered by import licensing requirements had fallen substantially (by half since the second TPR). At the time of its fourth TPR in 2003, the tariff was increasingly becoming Indonesia's main trade policy instrument. The average applied MFN tariff declined from 9.5% in 1998 to 7.2% in 2002, reflecting mainly unilateral reductions. There were no tariff quotas. Customs clearance procedures and computerized documentation requirements facilitated imports and exports. Registration of importers remained a major requirement. Indonesia implemented the CVA as of 2000; it used the transaction value and did not apply minimum or check prices. New special import licences had been introduced since 2002; these affected sensitive products, such as rice, sugar, footwear, and textiles, and were granted on the basis of domestic need. Non-automatic licences also enforced import controls, including embargoes, mainly on health, quarantine, environmental, and security grounds. Product coverage of import restrictions was unclear, and the licensing regime remained opaque. The restrictiveness of non-automatic import licensing was accompanied by exclusive import rights accorded to domestic producers of certain sensitive products, such as rice, cloves, alcoholic beverages, sugar, and some types of iron and steel. Only registered and approved exporters were allowed to export restricted items. Export bans, quotas, licensing, and "supervision" were applied widely to promote higher-value-added activities, to upgrade export quality, and to ensure adequate domestic supplies of essential products at reasonable prices, as well as in accordance with international commitments, such as CITES (to protect endangered species) and the arrangements to restrict textiles and clothing. Export bans on round logs and wood chips were re-applied in 2001 (ostensibly for environmental reasons), on urea (to combat fertilizer shortages) in 2000, and on mineral sands in 2002. Export controls (notably their coverage and economic effects) remained non-transparent. Export inspection was shifted from a private contractor to Customs in August 2001. Indonesia continued to maintain a "voluntary" bilateral quota on manioc exports to the European Union. It also regulated certain commodity exports under various plurilateral export and supply management arrangements aimed at reducing world over-supply and the resulting depressed prices. Such voluntary export quotas applied to coffee until 2002, when the arrangements terminated, and to rubber until mid-2002, when the international rubber price rose above the "confidential" reference price set under the Tripartite Rubber Cooperation, which was signed with Malaysia and Thailand in

December 2001. Export taxes to promote downstream processing and higher-valued products had been rationalized; coverage was reduced from 12 to four commodity groups (rattan, wood, mineral sands, and palm oil) and rates previously ranging from 10% to 40% reduced to 1%, 3%, and 15%. Taxes were levied on minimum "check" prices to simplify tax collection and to combat avoidance through under-invoicing. At the time of its fifth TPR in 2007, the tariff remained Indonesia's main trade policy instrument, accounting for a little over 4% of total tax revenue. During the review period, Indonesia had continued to reduce the number of tariff lines subject to import restrictions, to 141. However, it was unclear to the Secretariat how restrictive remaining non-tariff barriers were; they included producer-importer licences (for sugar imports, for example) and the importer registration licensing scheme. During the review period, a ban on log exports was in force, and in 2005, export taxes were introduced on raw skins, white tanned hides, and coal. At the time of its sixth TPR in 2013, around 20% of Indonesia's tariff lines were affected by import licensing requirements, which had been expanded since Indonesia's previous Review. Since 2010, the use of safeguard actions had increased significantly, making it the WTO's second most frequent user of this instrument. New export taxes were introduced on leather and wood, palm oil, raw cocoa and mineral ore products. In 2011, Indonesia banned exports of raw and semi-processed rattan (used for traditional furniture) in order to encourage rattan furniture production. Import prohibitions existed in some cases, such as completely-built-up motor vehicles, trucks and machinery, to underpin local content requirements.

2.11. In **Japan**, the simple average applied MFN tariff decreased from 7.0% in 1997 to 6.1% in 2016. By the end of 1999, Japan had eliminated all voluntary export restraints under certain bilateral arrangements. It did not belong to any customs unions or free trade areas until 2001; however, it was a leading member of the Asia Pacific Economic Cooperation (APEC) and the Asia Europe Meeting (ASEM). Japan signed its first ever free trade agreement (FTA), with Singapore, in January 2002. In the Uruguay Round, Japan undertook to increase the scope of its industrial tariff bindings from 97% to 99% of tariff lines; to reduce industrial tariffs on a trade-weighted basis by some 56%; and, under the Agreement on Agriculture, to convert all agricultural non-tariff measures, except on rice, to tariff quotas, with out-of-quota non-*ad valorem* duties climbing to over 600% in terms of *ad valorem* equivalent estimates. Quantitative import restrictions on rice were replaced by tariff quotas since 1 April 1999. Currently, a total of about 120 tariff lines at the HS nine-digit level, including fishery products, certain wood products, and petroleum, remain unbound and import quotas apply to some items. At the time of its first TPR in 1990, in an effort to cope with trade frictions related to the rapid penetration of foreign markets, Japan had resorted to the use of voluntary export restraints (VERs) or export monitoring. The VERs helped Japan to retain the economic rents from protection. However, overall, this system of restraints also tended to create vested interests at home in arrangements for managed trade. A number of import liberalization measures related to leather, alcoholic beverages some dairy products, vegetables, meat products, fruit and other food items were taken in pursuance of GATT Panel recommendations. Other steps, such as liberalization measures for beef, citrus fruits, some forestry products, auto-parts, pharmaceuticals, medical equipment and telecommunication equipment, were the result of bilateral consultations with trading partners, particularly the United States. As a result of the evolution of Japan's trade policies, there was some increase in the role of the tariff as an instrument to regulate the level and structure of imports. In agriculture, it provided protection for some items, but for many products, import quotas, trade monopolies and non-border measures were more important in this respect. For a number of products, including certain dairy products and some fish products, import quotas (partly in the context of state trading) remained binding import constraints. Furthermore, it was government policy to maintain a virtual prohibition of rice imports on the grounds of self-sufficiency. Quantitative import restrictions were removed for beef, citrus fruits, and several other agricultural products. For tomato products, certain pineapples and some other items, quantitative restrictions were replaced by tariff quotas. On the export side, voluntary restraint measures were in place, mainly for certain manufactures exported to the United States and the European Communities. The items included certain textiles and clothing (in addition to the restraints under the Multifibre Arrangement (MFA)), pottery and chinaware, steel and steel products, passenger cars, machine tools, semiconductors, metal flatware, forklift trucks and ball bearings. The number of items grew since the mid-1980s. The export restraints were originally meant to be temporary measures. However, with few exceptions, they had remained in force for many years and, in some cases, for several decades (e.g. metal flatware, pottery, and chinaware since the early 1960s). Voluntary export restraints on passenger cars to the United States were implemented in 1981 as a three-year temporary measure but had been repeatedly prolonged even though since 1985 the United States had ceased to request the restraints. Export cartels by private firms were permitted under the Export and

Import Transaction Law for preventing unfair practices ensuring that exports took place in an orderly manner. The Government often advised firms to form such cartels for implementing voluntary export restraints. In 1990, 42 export cartels were in place, down from 70 in 1979. Export licensing was applied to 209 industrial items for security reasons (mostly related to the Coordinating Committee for Multilateral Export Controls (COCOM)) and to a number of mineral and agricultural items for economic reasons (including short domestic supply). For some textiles and certain machine tools, export licensing was used to administer voluntary restraint arrangements. While formal legal regulations for the conduct of international trade were contained in laws, the use of administrative guidance as a means of ensuring the achievement of sector-specific and overall trade policy objectives was common. In practice, administrative guidance proved to be an effective alternative to measures of a stringent legal character, even though such guidance, by itself, did not carry any legal sanctions. Since administrative guidance might not necessarily take the form of published guidelines, it had often lacked transparency. At the time of its second TPR in 1992, most import quotas on manufactured products had long been removed, and those remaining, mainly in the areas of chemicals, pharmaceuticals, firearms and explosives, were predominantly for non-protective reasons. Import quotas on coal were removed in March 1992. Japan did not make use of the provisions of the MFA. Pursuant to its GATT undertakings, Japan terminated a number of import quotas, including those affecting beef, fresh oranges and orange juice. However, import quotas remained on a number of products, especially dairy products and starches. At the time of its third TPR in 1995, under the Agreement on Agriculture, Japan undertook to convert all agricultural non-tariff measures, except on rice, to tariff quotas. In 1993, the Administrative Procedures Law was promulgated to bring more clarity into "administrative guidance " procedures. Various tariff reductions were made in 1993 and 1994 either autonomously or under existing agreements, including on beef, potato flakes, corn grits for cornflake making, sugar and auto parts, while the tariff quota system on heavy fuel oils was abolished. Certain fishery products were subject to import quotas, with several tariffs also remaining unbound. Surveillance of imports of silk cocoons and fabrics from China and Hong Kong, China remained in force; Japan adopted a phase-out programme on silk imports from the Republic of Korea. State trading remained in operation for salt, tobacco products (although trade in raw tobacco had been liberalized), industrial alcohol and opium. The only remaining import cartel covered imports of silk from China. Under Uruguay Round provisions, Japan was reducing the number and scope of restrictions on exports. Several "voluntary " export restraints (on machine tools, automobiles, and steel to the United States and on machine tools to the European Union) were eliminated in 1993 or early 1994; other long-standing restraints on pottery, chinaware and metal flatware (cutlery) exports to the United States expired at the end of 1994. The monitoring arrangement on car exports to the European Union was eliminated in 1999. Seventeen of the 28 export cartels had been abolished since 1992; many others had been reduced in scope. Remaining export cartels were to be reviewed with the objective of their elimination by 1999. At the time of its fourth TPR in 1998, state trading remained in rice, wheat and barley, milk products, raw silk, salt, leaf tobacco, industrial alcohol and opium. Non-*ad valorem* tariffs, covering mainly agricultural products, accounted for around 7% of all tariff lines. The import cartel, covering imports of silk from China, was abolished and replaced by import quotas in 1996; annual consultations were held with China regarding imports of silk yarn and fabrics. The last "voluntary" export restraint, i.e. the monitoring arrangement on car exports to the European Union, was eliminated in 1999. Nine of the 11 export cartels had been abolished since 1995; the remaining export cartels, related either to the protection of quality or intellectual property, or to import monopolies in partner countries, were abolished by end-1999. Under the Anti-Monopoly Act (AMA), AMA exemptions allowing retail price maintenance on designated cosmetics and over the-counter medicines were revoked in 1997. In order to increase transparency, since March 2007, administrative organs were required to conduct *ex ante* evaluation of regulations. A procedure for *ex ante* regulatory impact analysis was introduced on 1 October 2007; *ex post* evaluation is required under the Government Policy Evaluation Act of 2001. At the time of its fifth TPR in 2000, Japan had few non-tariff border measures; those applied involved some import prohibitions, import licensing, and quantitative import restrictions (on fish and silk, for example). Imports of certain goods were subject to licensing requirements in order to ensure national security, safeguard consumer health and well-being, or to preserve domestic plant and animal life and the environment. Japan maintained certain export controls, on grounds of national security and public safety, and to ensure adequate domestic supplies of certain primary products. At the time of its sixth TPR in 2002, Japan implemented its first safeguard measures in April 2001, imposing provisional emergency tariffs on three agricultural products; these expired in November 2001. At the time of its seventh TPR in 2005, Japan began investigating the case for countervailing measures against imports of dynamic random-access memory chips from the Republic of Korea. At the time of its eighth TPR in 2007, Japan abolished import quotas on textiles and clothing on 1 January 2005. It introduced its first ever countervailing measure (against imports of dynamic random-access memory chips) in January 2006. At the time of its ninth TPR in 2009, it appeared that Japan had not introduced new trade measures to protect its market since the onset of the global financial crisis in September 2008. The Government had been promoting agricultural exports, mainly by providing information to consumers overseas. At the time of its eleventh TPR in 2013, in October 2011, the Authorized Economic Operator (AEO) programme was amended so that import cargo declared by AEO customs brokers or produced by AEO manufacturers could be released before the customs duty declaration was filed. At the time of its thirteenth TPR in 2017, Japan's overall simple average applied MFN tariff rate increased from 5.8% in FY2014 to 6.1% in FY2016 due to higher average *ad valorem* equivalents of non-*ad valorem* duties. Of the 101 highest tariffs, 95 had non-*ad valorem* rates. The simple average applied rate was 16.3% (up from 14.9% in FY2014) for agriculture (WTO definition), and 3.6% for non-agricultural products (down from 3.7% in FY2014). Japan had bound 98.2% of its tariff (159 lines were unbound). The difference between the average bound MFN tariff (6.2%) and the average applied MFN tariff (6.1%) continued to be negligible in FY2016. However, the average bound rate remained considerably higher for agricultural products (16.7%) than for non-agricultural products (3.6%). Japan made use of tariff quotas; 158 tariff lines (1.7%) were subject to MFN out-of-quota tariffs, of which 11 were under state trading. The quota allocation method and process remained somewhat intricate.

2.12. In the **Republic of Korea**, the simple average applied MFN tariff increased from 7.9% in 1994 to 14.4% in 1996 and 17.2% in 2004; it came down to 14.1% in 2016. Tariff continued to be an important source of government revenue. Quantitative restrictions on imports and exports of rice were tariffied in 2015. At the time of its first TPR in 1992, almost all the items subject to non-automatic licensing were agricultural products. Some licensing requirements supported price stabilization schemes, such as for beef, pork, chicken and several vegetables and condiments. The schemes for beef, soybeans and other grains were underpinned by import quotas applied on an MFN basis. Import approval was also required under certain individual laws. Notable among such laws was the Food Grain Control Act. The Act required annual approval from the National Assembly for imports of rice and barley for food purposes; such approval was given only if the price stabilization schemes for these products indicated a shortage of domestic supply. As the rice and barley programmes were designed to achieve self-sufficiency, through high administered prices, there were no imports of such products for food purposes for the previous five years. A notable feature of the Republic of Korea's export regime was that some 20% of all 6-digit HS tariff lines were affected by selective restraints to certain countries. Many of these measures result from bilaterally-negotiated government or inter-industry agreements, or from anti-dumping measures imposed by importing markets on Korean producers. A significant number, however, were unilateral restrictions on exports taken by the Republic of Korea to prevent possible actions by importing countries. At the time of its second TPR in 1996, the Republic of Korea was committed to phasing out, or bringing into conformity with WTO provisions, a range of import restraints previously maintained for balance-of-payments reasons. Non-automatic licensing requirements were eliminated on 220 agricultural and fisheries products between 1992 and July 1996. The date for liberalization of eight categories of beef and cattle was extended in the Uruguay Round context to January 2001, compensated by increased quota levels and relatively low final tariffs. Restrictions on certain Japanese products, maintained under the Import Diversification Programme, were being phased out. At the time of its third TPR in 2000, the tariff was the Republic of Korea's main trade policy instrument and an important source of revenue (some 6.5% of total taxes). Applied tariff rates fell short of bound rates by an average of 6.3 percentage points. "Autonomous" tariff quotas (mainly for raw materials and inputs) were used in addition to WTO-related agricultural tariff quotas. Recourse to non-tariff protection was confined mainly to agriculture products and livestock. Efforts had been made to streamline customs clearance procedures by, *inter alia*, introducing an immediate release system and the progressive introduction of paperless clearance through a computer network linking all customs offices. Import prohibitions on sensitive items from Japan (under the Import Diversification System), and on fish (length-based restrictions, and seasonal bans) were abolished, and the coverage of approval requirements for used goods was reduced; only beef and rice were subject to quantitative restrictions. Export restrictions affected a few items (fish, seafood, sand and gravel). All voluntary restraints, except those relating to exports of textiles and clothing, automotive parts (to Chinese Taipei) and silk waste (to Japan), had been eliminated. At the time of its fourth TPR in 2004, the tariff remained the Republic of Korea's significant source of tax revenue. No unilateral tariff cuts occurred during the period under review. Although 91% of tariff rates were bound, the predictability of the tariff was eroded by the considerable leeway to raise applied tariffs provided by the substantial gap between applied and bound MFN rates. The Republic of Korea had used this gap to apply higher "adjustment duties" as "flexible tariffs" on several products. While tariff quotas for beef were replaced by a tariff from January 2001, rice imports were still subject to quantitative restrictions. Import licensing and prohibitions were applied mainly for health, safety or security reasons. At the time of its fifth TPR in 2008, no tariff cuts had been undertaken during the review period. Product coverage under flexible tariffs dropped from 203 in 2004 to 101 in 2007. In August 2007, an early warning system for undervalued customs declarations of agricultural, forest, and fisheries products was introduced to block their under-invoiced importation into the Republic of Korea. Rice remained the only item subject to import quotas. Import licensing requirements and prohibitions were maintained, mostly for the protection of public morals, human health, hygiene and sanitation, animal and plant life, environmental conservation or essential security interests, in compliance with domestic legislation requirements or international commitments. The Republic of Korea periodically restricted or monitored exports of certain products (e.g. rice) to ensure adequate domestic supplies, thereby possibly assisting downstream processing of these products; quantitative export restrictions for rice had been in place since 2007. Export prohibitions were aimed at protecting animal rights and endangered species and conserving natural resources. At the time of its sixth TPR in 2012, as a result of the adoption of the HS 2012 tariff nomenclature, the average applied MFN tariff rate increased from 12.6% in 2011 (virtually the same as in 2008) to 13.3% in 2012. Tariff quotas were in place. Product coverage under "flexible tariffs" rose from 101 in 2007 to 334 in 2012. Rice remained the only item subject to import quotas. At the time of its seventh TPR in 2016, the tariff remained a significant, albeit declining, source of tax revenue. Tariff quotas still existed. The gap of 4.4 percentage points between the average bound and applied MFN tariff rates imparted a degree of unpredictability to the tariff regime and provided scope for the authorities to raise applied rates within the bindings. The Republic of Korea continued to use this gap to apply higher MFN duties (e.g. adjustment duties); product coverage under flexible tariffs fell from 216 (HS six-digit) items in 2012 to 145 in 2016. Regarding customs valuation, legislation allowing for the joint application of a unilateral advance pricing arrangement and an advance customs valuation arrangement were introduced. Rice import quotas were replaced on 1 January 2015 by a tariff-rate quota of 5% and a virtually prohibitive 513% out-of-quota duty. Quantitative export restrictions (recommendations) on rice were removed in March 2015 although, in practice, there was no trade-restrictive effect; no quantitative export restrictions for any other agricultural products were in place.

2.13. **Macao, China** does not apply tariffs on its imports. Over recent years, it has been transformed into the world's leading gaming destination. One of Macao, China's most important economic policy actions was the liberalization of the gaming sector after the private onopoly officially ended in 2002. There is no comprehensive law on competition policies; relevant provisions are scattered throughout the Commercial Code, and other sector-specific regulations and rules.

2.14. In **Malaysia**, the simple average applied MFN tariff came down from 15.2% in 1993 to 8.1% in 1997, and to 7.5% in 2017. However, reflecting "temporary" increases in tariff rates in 1998, the average applied MFN tariff increased from 8.1% in 1997 to 9.2% in 2000. In 2000, local-content requirements were abolished, except in the case of the automobile industry. As at the time of its third TPR in 2001, some items, notably forest products, crude oil, and selected palm oil products, were subject to export taxes, which accounted for around 2% of total tax revenues. At the time of its fourth TPR in 2006, imports were generally treated in the same way as domestically-produced goods as regards excise duty; an exception concerned the rebate of excise duty for national car manufacturers. About 27% of Malaysia's tariff lines were subject to import licensing, a substantial part of which appeared to be non-automatic. The Ministry of International Trade and Industry oversaw a system of approved permits that allowed the holder to import foreign-built or assembled cars and distribute them locally; this could act as a quota, restricting the total number of cars that could be imported. Malaysia phased out all remaining trade-related investment measures in the automotive industry. Export taxes and extensive licensing arrangements were applied to certain exports such as timber. In 2001, 36% of tariff lines were subject to export licensing requirements and in 2005 the situation appeared to be similar. At the time of its fifth TPR in 2010, Malaysia raised tariffs in a few cases involving tariff quotas. Customs clearance further shifted from clearance-based controls to post-clearance audit controls. In 2012, export taxes applied to, *inter alia,* timber and crude palm oil accounted for 1.3% of total tax revenue. At the time of its seventh TPR in 2018, Malaysia applied nine tariff quotas affecting 27 tariff lines at the HS 10-digit level. Imports of 16 product categories required import licences. Export taxes applied to 217 tariff lines (mainly crude oil, palm oil, and wood) in 2017.

2.15. In **Maldives**, the simple average applied MFN tariff decreased from 20.8% in 2002 to 13.9% in 2015. Maldives graduated from LDC status in 2011. At the time of its first TPR in 2003, the customs tariff accounted for some two thirds of total tax receipts. Minimum prices were used for valuation purposes. Few formal non-tariff barriers were in place. Import quotas were eliminated in 1998, except on rice, sugar, and wheat flour. Export controls affected live aquarium fish, and timber; exports of a few marine species were banned for environmental reasons. A 50% export tax was levied on ambergris. At the time of its third TPR in 2016, trade facilitation improvements such as the introduction of a fast clearance channel for imports and the launching of the internal process had taken place. New customs legislation in 2011 allowed for the implementation of provisions of the CVA. Import licensing continued to apply to all imports. Export taxes on ambergris were retained for revenue purposes.

2.16. In **Mongolia**, the simple average applied MFN tariff is 5%. It has bound all of its tariff lines. A number of steps have been taken to improve customs procedures, including a revision of the Customs Law and the Law on Customs Duties and Tariffs of 2008, which allows for post-clearance customs control, as well as the introduction of the Customs Automated Information System allowing for the submission of electronic documents and electronic payments. Export taxes are applied to a small range of products; taxes were removed from raw cashmere in 2009. Between 2005 and 2011, about 90 entities were privatized, while several, including the national airline (MIAT) and some power plants, had their privatization postponed. The main legislation concerning Mongolia's competition policy include the Law on Prohibiting Unfair Competition 1993. The latest amended took place in 2010 and provided, *inter alia,* further powers to the Authority for Fair Competition and Consumer Protection. The amendment also increased the amount of penalties.

2.17. In **Myanmar**, the simple average applied MFN tariff increased from 5.7% in 1996 to 6.1% in 2008; it decreased to 5.5% in 2013. Myanmar did not adopt the transaction value system specified under the CVA. It has numerous import licensing requirements, which the authorities intend to reduce. At the time of its first TPR in 2014, commercial tax was levied on exports of five commodities.

2.18. In **Nepal**, the simple average applied MFN tariff decreased from 13.8% in 2002/03 to 12.0% in 2018/19. At the time of its first TPR in 2012, tax revenue relied heavily on taxes collected at the border because of its administrative convenience. Nepal eliminated a number of other duties and charges (ODCs) on imports, and the only remaining ODC (the agriculture reform fee) was levied on imports from India and the Tibet Autonomous Region of China, from where agricultural imports were exempted from tariffs. The Customs Act and Regulation of 2007 simplified customs procedures. At the time of its second TPR in 2018, Nepal was implementing the fifth in a series of Customs Reform and Modernization Strategies and Action Plans, and an E-customs Master Plan. Nepal applied export taxes on some products with a view to protecting the environment, ensuring food security, and discouraging trade diversion to India. Poverty alleviation continues to be a major challenge, with nearly 6 million Nepalese living in poverty at the time of its second TPR in 2018. The contribution of manufacturing to GDP steadily declined during the last decades, to 5.4% in 2017-18. Reasons behind this overall downward trend included low labour productivity, high transport costs, production stoppages due to electricity cuts, and poor labour-employer relations leading to strikes.

2.19. In **New Zealand**, the simple average applied MFN tariff decreased from 6.2% in 1996/97 to 2.4% in 2014. It does not use export taxes, and uses few export controls. At the time of its first TPR in 1990, New Zealand was not a signatory to the Multifibre Arrangement. Import licensing requirements applied to electrical ceramics, plastic tapes, textiles, clothing, and footwear. At the time of its second TPR in 1996, it applied no export taxes and used few export measures. Substantial tariff reductions had been implemented over the previous decade, including that in July 1996, which resulted in a 1 percentage point drop in the average rate. The simple average applied MFN tariff was 6%, though rates for some products, such as textiles and clothing, footwear, and motor vehicles, remained relatively high. In the Uruguay Round, New Zealand increased the coverage of its tariff bindings from 55% to over 99% of tariff lines. When most of New Zealand's tariff commitments were implemented, in 2000, the average bound rate was around 12%; applied tariffs at that time were to average one quarter of that level. Broad scope thus existed for New Zealand to reduce its bound tariff rates and provide traders with greater assurance about future applied tariffs. At the time of its third TPR in 2003, tariff quotas were scheduled for some agricultural products but had not been applied because the tariff was zero for these products. Export monopolies granted to state trading enterprises for some agricultural products were gradually removed during the period under review. After its fourth TPR in 2009, New Zealand implemented a trade facilitation project geared towards the establishment of a "Joint Border Management System", under which a single window and a revised import electronic declaration form were put in place. The exclusive export licences held by the Fonterra Co-operative Group, New Zealand's major dairy exporter, were phased-out at end-2010. At the time of its fifth TPR in 2015, New Zealand's average applied MFN tariff rate was 2.4%, and over half of tariff lines were duty free, although higher tariffs continue to apply to footwear and textile products.

2.20. In **Pakistan**, the simple average applied MFN tariff decreased from 56.0% in 1993/94 to 14.3% in 2014/15. Many imports from India are prohibited although, since 2012, they have been conducted on the basis of a negative list (about 1,200 products that cannot be imported). At the time of its first TPR in 1995, trade-related reforms included a cut in the average statutory tariff rate from 77% to 50% with further reduction to a maximum of 35% due by 1997; the integration of "paratariffs" into the single tariff rate by mid-1994; a reduction of import licensing. Despite substantial tariff reductions, Pakistan was still a high-tariff economy, with the simple average MFN tariff of 50% and highest tariff rate of 70%. At the time of its second TPR in 2002, it had discontinued the use of the Brussels Definition of Value but maintained provisions for reference prices, setting minimum import values. Restrictions on balance-of-payments grounds were phased out, and those affecting numerous textiles, clothing, and chassis were eliminated in 2000/01. Preshipment registration of export contracts was required for certain sensitive items (cotton, rice, and urea); PSI requirements applied to rice; and potato exports were temporarily subject to quantitative restrictions. Regulatory duties affected exports of a few items (crushed/uncrushed bones, raw/wet blue hides, and skins). At the time of its third TPR in 2008, Pakistan applied the transaction value for customs valuation purposes; and reference prices seemed to be used to check declared values. Declared transaction values reportedly applied to 90%-95% of imports. MFN tariffs of 20% on certain cement products were based on specified world prices. Special customs valuation procedures applied to motor vehicles. Commercial imports of used vehicles were prohibited, to promote the domestic industry. Imports of alcoholic beverages were banned for religious reasons, although they were brewed locally for non-Muslims by a private monopoly. A few import quotas existed (e.g. for used refrigerated trucks). While export taxes were prohibited under the customs legislation, "regulatory" duties applied periodically to some exports (e.g. 15% on sugar), especially when there were domestic shortages.

2.21. In **Papua New Guinea** (PNG), the simple average applied MFN tariff decreased from 20.4% in 1998/99 to 3.9% in 2019. However, tariffs were increased on some goods as from 1 July 1999, mainly to 30% or 40%, to protect domestic producers. These increases included rates on certain food and plastic products. At the time of its first TPR in 2000, all tariffs, with the main exception of those on alcoholic beverages, were *ad valorem*. PNG applied few formal non-tariff trade barriers. During the 1990s, high tariffs replaced widespread import quotas and bans. Certain import prohibitions and controls applied for environmental, health, public safety and security reasons, and under international conventions. Export taxes applied to unprocessed logs; and export taxes were lifted on most of marine products in 1997. Export licences were required for resource-based products, such as logs, which were also subject to minimum export prices. Exports of certain unprocessed logs and raw rattan were prohibited. PNG had no export quotas or voluntary export restraints. At the time of its third TPR in 2019, it had no tariff quotas. It applied export taxes on crocodile skin, jewellery and articles of gold or silver, and certain ores and concentrates, and, from January 2018, on unprocessed old-growth logs (except plantation logs). A log export development levy also remained in force.

2.22. In the **Philippines**, the simple average applied MFN tariff decreased from 22.6% in 1993 to 9.7% in 1999, and to 7.6% in 2017, compared with the average bound rate of 25.7% in 2017. At the time of its first TPR in 1993, products subject to quantitative restrictions were primarily under rationalization or modernization programmes, such as those for motor vehicles, certain agricultural products and products subject to health, safety or security standards. PSI by a designated inspection company was initially required for shipments valued at USD 500 and over, from ten countries; the scope was expanded in March 1992 to cover shipments from all countries. Participants in the Car Development Program were required to achieve a local content requirement of 40% and obtain a minimum of 50% of their foreign exchange requirements through exports. Export taxes on all products except logs were removed in July 1986. Minimum export prices were abolished in July 1992. Log exports were banned in 1986; exports of 11 products were prohibited, including coconut seedlings and certain raw materials for cottage industries such as bamboo and rattan. Exports of 22 additional products, including garments and textiles, plants and plant products, sugar, natural fibres, and lumber, were regulated. The Philippines was a member of the Multifibre Arrangement, and had restrictive bilateral textile agreements with Austria, Canada, the European Communities, Norway and the United States. It was also a member of the International Sugar Agreement and the International Coffee Agreement. At the time of its second TPR in 1999, under the Uruguay Round, the Philippines had bound virtually all agricultural (except for rice) and about half of manufacturing tariff lines, compared with only about 7% of all tariff lines before the Round. However, final bound tariffs were well in excess of the average applied MFN tariff. The Philippines applied the provisions allowing developing countries to delay application of the CVA. Customs valuation switched from the "home consumption value" method to the "export value" method in 1996. Minimum import prices remained in use. Most quantitative restrictions were abolished, with the notable exception of rice. The Philippines phased out import restraints previously maintained for balance-of-payments reasons by end-1997. It maintained various trade-related investment measures in the automotive industry, and in soap and detergent production. At the time of its fifth TPR in 2018, PSI was mandatory for all bulk or break bulk cargo. Tariff quotas apply to 77 tariff lines. No export taxes are levied in the Philippines, apart from on exports of plantation logs. Minimum export prices for corn and rice are no longer applied. Export licences are required for a wide range of products. Exports of rice, corn, and sugar remain restricted, and may be exported only if there is a surplus.

2.23. In **Samoa**, the simple average applied MFN tariff has been around 11% since 2012. It upgraded its clearance procedures to ASYCUDA++. Customs valuation is implemented through the Customs Valuation Regulations, 2011, based on the CVA. In 2018, the applied MFN rates of 19 tariff lines exceeded their respective bound rates, including 9 tariff lines that were increased pursuant to the Customs Tariff Amendment Act, 2018. No other duties or charges are imposed at the border. Samoa maintains several import restrictions and prohibitions for health, safety or environmental reasons or to meet its international obligations. The import prohibition on turkey tails, which was applied on the grounds of health concerns, was lifted in 2013. Imports of left-hand drive vehicles are prohibited for traffic safety reasons (Samoa is a right-hand drive country), subject to a monthly import quota of 100 units (vehicles for private use, pick-up trucks and some special purpose vehicles). An import prohibition applies to second-hand vehicles over 10 years old. The local production and importation of liquor with an alcohol percentage greater than 40% was prohibited in 2018. Samoa does not levy any export taxes. Exports of logs and timber, sea cucumbers, and live corals are prohibited for environmental reasons.

2.24. In **Singapore**, the simple average applied MFN tariff decreased from 0.5% in 1989 to 0.0% in 1996. Currently, almost all products enter duty-free under the applied MFN tariff regime, except for six tariff lines (beer and some other spirits), which are subject to specific duties. Since 2011, importers have been able to apply for binding advance rulings on customs valuation. Since 2004, Singapore has adopted an improved electronic single window for customs declarations. An export quota allocation system, already eliminated, served to implement bilateral agreements on textiles and clothing with five industrialized countries under the Multifibre Agreement.

2.25. In **Solomon Islands**, the simple average applied MFN tariff decreased from 11.8% in 1998 to 10.3% in 2016. In January 2015, customs migrated to ASYCUDA World. New legislation was adopted to give effect to the CVA. In 1998 Solomon Telekom had a monopoly in the telecommunications sector. The adoption of the Telecommunications Act in 2009 marked the liberalization of the sector.

2.26. In **Sri Lanka**, the simple average applied MFN tariff decreased from 20.0% in 1995 to 10.3% in 2016. All agricultural lines (WTO definition), except whale oil (HS15043010), sperm oil (HS15043020) and other (HS15043090), are bound. In 1995, Sri Lanka became a contracting party to the CVA and invoked provisions to delay its application. Sri Lankan legislation granted the authorities the flexibility to depart from CVA rules when deemed necessary, in the interest of the national economy or for any other reason, allowing for the use of minimum values. The main developments in terms of customs procedures during the last 30 years were Sri Lanka's implementation of a single window system in January 2016 and its acceptance of the WTO Trade Facilitation Agreement in May 2016. The petroleum sector was reformed in 2003, most notably by putting an end to the state-run Ceylon Petroleum Corporation's monopoly to import and distribute oil and petroleum products, and by some adjustments to the pricing system. Sri Lanka made substantial efforts to enhance transparency. Information regarding applied tariff levels and all other import charges is easily available online. However, the frequent use of orders modifying tariff and other import tax rates can be discretionary and creates confusion among importers.

2.27. In **Chinese Taipei**, the simple average applied MFN tariff decreased from 9.5% in 2002 to 7.2% in 2018. The scope of import bans rose from 70 HS ten-digit items (2013) to 91 (2018); the coverage of import permits increased to 131 items (126 in 2014). Prohibitions were in place for inbound cross-Strait trade involving 2,172 tariff lines, down from 2,243 tariff lines in 2009.The scope of export prohibitions was also expanded. As at July 2017, exports of 42 (35 in 2014) products at HS 10-digit level were prohibited, mostly in line with international conventions requirements. Chinese Taipei became a party to the Agreement on Government Procurement in July 2009. In 2014, the number of anti-dumping measures of Chinese Taipei rose from 2 in 2006 to 12, affecting mainly the steel, textile, and chemical industries. During 2013-16, Chinese Taipei initiated 11 anti-dumping investigations, and had 19 final measures in effect as at end-2017. Regarding trade facilitation, customs implemented a single window system, and introduced an authorized economic operator scheme. Furthermore, Chinese Taipei ratified the WTO Trade Facilitation Agreement in 2015, amended relevant legislation (Customs Act), and enhanced the integration of online operations with the Customs-Port-Trade Single Window.

2.28. In **Thailand**, the simple average applied MFN tariff has come down from 44.0% in 1988 to 17.1% in 1999, and to 13.0% in 2014. Measures initiated in January 1995 reduced the maximum tariff from 100% to 30% in most cases and lowered rates on some 4,000 items, thus cutting the average applied tariff from about 30% in 1994 to 17% in 1997; the number of tariff rates declined from 39 to 6. A notable exception was the motor vehicle sector where the average tariff remained about 38%, with rates ranging to 80%. Under Thailand's Uruguay Round commitments, tariffication applied to 23 agricultural product groups. At the time of its second TPR in 1995, Thailand's countertrade policy required that any imported procurement valued above Baht 500 million by State enterprises had to apply countertrade measures. Under Thailand's obligation to phase out performance requirements inconsistent with the Uruguay Round Agreement on Trade Related Investment Measures (TRIMs), 14 local content measures were abolished for investment projects that received approval after April 1993 for BOI incentives. However, local content requirements continued to such items as dairy products and motor vehicle engines; a substantial number of projects previously approved for BOI incentives were also obligated to continue observing local-content requirements for a fixed time period. [Thailand's remaining local content requirements were eliminated by the end of 1999.] Thailand's restraints on its exports of textile and clothing that had been negotiated under the aegis of the MFA were "rolled over" as the starting point for the 10-year phase-out of the Arrangement. Since 2008, customs procedures have become fully paperless. Non-automatic import licensing remained required for a variety of products and justified for a number of reasons including protection of domestic producers. A limited number of products, mostly unprocessed wood, were subject to export taxes, with applied rates of tax lower than the statutory maximums. Exports of some types of oil cakes were not generally allowed, in order to prevent domestic shortages. By the time of its seventh TPR in 2017, import licensing and prohibitions on various items for, *inter alia*, economic reasons (infant industry protection) had remained generally unchanged. Relatively high statutory export taxes on a few commodities (sawn wood and articles thereof, and hides) and the possibility of re-instating others continued to assist the downstream processing of such commodities, thereby distorting competition and thus the allocation of resources, and imparting an element of uncertainty to Thailand's trade and investment regime.

2.29. In **Tonga**, the simple average applied MFN tariff slightly decreased from 11.6% in 2008 to 11.5% in 2013. The Tongan economy, one of the smallest among WTO Members (with a GDP of about USD500 million), is based on agriculture, fisheries, a small mainly domestically oriented manufacturing sector, tourism and other services. Tonga does not use tariff quotas. The transaction value is utilized in approximately 90% of all customs valuation cases; re-determinations are frequently due to non-documented consignments. Most goods can be traded without any kind of restriction. Tonga does not levy export taxes on any goods.

2.30. In **Vanuatu**, the simple average applied MFN tariff slightly increased from 9.2% in 2012 to 9-3% in 2013. In 2013, Vanuatu adopted legislation to give effect to the WTO CVA. Vanuatu's simple average applied MFN tariff was 9.3% in 2018, up from 9.2% in 2012; the small increase was due mainly to changes in the HS nomenclature. Import prohibitions apply to, *inter alia*, certain agricultural products. Certain goods, including alcohol, certain drugs, certain foods, right-hand drive motor vehicles, and certain whiskies, are subject to import licensing. Exporters are required to register in ASYCUDA World. An export tax is applied to wood in the rough or roughly squared. Licences are required for exporting cattle, cocoa beans, cocoa, copra, lavender oil, and tea-tree oil.

2.31. In **Viet Nam**, the simple average applied MFN tariff decreased from 18.5% in 2007 to 10.4% in 2013. Differences between bound and applied rates have left some scope for flexibility, and Viet Nam has made use of this, *inter alia*, to reduce fluctuations in domestic energy prices, and to provide additional protection to selected industries since 2008. In April 2010, the Ministry of Industry and Trade issued a long list of "non-essential" imported commodities and consumer goods not encouraged for import, and the State Bank of Viet Nam discourages the granting of loans by credit institutions to finance imports of such items. A requirement to channel all imports of wines, spirits, cosmetics, and mobile phones through three seaports only was in effect from May 2011 until the end of 2012. Viet Nam levies export taxes on certain products and royalties on certain natural resources. Export taxes on scrap metal have been reduced by approximately 50% since 2006.

3 DEVELOPMENTS OF TRADE POLICIES BY MEASURE

3.1 Overview

3.1. This section focuses on transparency and various trade and related policies and measures including trade facilitation and customs valuation, tariffs and other charges, export taxes, and voluntary export restraints.

3.2 Efforts to improve transparency

3.2. A salient trend over the past 30 years is that the transparency of trade policies has improved in many Asia-Pacific Members. Laws and regulations have been adopted with a view to enhancing transparency (Box 1). Many Members have established governmental gazettes or government websites that disseminate trade-related laws and regulations. In Members where none of the WTO official languages (English, French and Spanish) is an official language, e.g. China and Japan, the authorities gradually started setting up websites in English and other languages. However, many developing Members have not fully met their WTO notification requirements mainly due, according to the authorities, to a lack of coordination among relevant ministries and agencies, and capacity constraints.

3.3. Many Members have adopted legislation and/or international guidelines that aim to enhance transparency. The relevant laws and regulations concern, *inter alia*, access to government information, defining the scope of administrative measures, and setting up facilities to disseminate information.

3.3 Trade facilitation and customs valuation

3.3.1 Agreement on Trade Facilitation

3.4. To date, most of Members in the Asia-Pacific region have adopted the TFA. The first Asia-Pacific Member to adopt the Agreement was Hong Kong, China (on 8 December 2014), followed by: Singapore; Malaysia; Japan; Australia; the Republic of Korea; Chinese Taipei; China; Lao PDR; New Zealand; Thailand; Pakistan; Brunei Darussalam; Viet Nam; Maldives; Myanmar; Cambodia; Macao, China; Samoa; India; Sri Lanka; Afghanistan; Bangladesh; the Philippines; Mongolia; Nepal; Fiji; Indonesia; and Papua New Guinea. The Solomon Islands, Tonga, and Vanuatu have not yet ratified the TFA.

3.5. Most of the developing Asia-Pacific Members have submitted their category A, B and C notifications under the TFA.[9]

3.3.2 Customs valuation

3.6. The process of estimating the value of a product at customs may present issues that can be as important as the applied tariff rate. Reviews of customs valuation in a particular Member are useful in making this system transparent and in understanding how Members have undertaken

[9] WTO. Viewed at: https://www.tfadatabase.org/notifications/implementation.

measures to avoid arbitrary or fictitious determination of customs values.[10] As has been indicated in various TPR reports, over the past 30 years, Asia-Pacific Members, with only a few exceptions, have adopted the valuation methodologies specified in the WTO Agreement on Implementation of Article VII of the GATT 1994 (Customs Valuation Agreement - CVA) (Box 2). In general, developed countries had already adopted such methodologies before their first TPRs were conducted. Despite delays in implementing the CVA, most developing Members have implemented the valuation methodologies specified in it. Thus, in this area, too, more transparent and predictable customs valuation methodologies have been adopted over the past 30 years.

3.7. However, it is not always clear when exactly a Member fully implemented the CVA, or to what extent the "transaction value" method of valuation is used. In some developing Members, methods other than the transaction value and other methodologies specified in the CVA may still be systematically used. For example, in **Solomon Islands**, at the time of its third TPR in 2016, reference prices were still applied to a large number of goods[11], and at the time of its first TPR in 2014, **Myanmar** had not fully adopted the Agreement.

3.8. Some developing Members made use of the transitional measure under Article VII of the GATT 1994, which gave developing countries the right to delay application of this Article. Such Members included: Brunei Darussalam; Cambodia; India; Indonesia; Malaysia; Maldives; Myanmar; Pakistan; the Philippines; Singapore; Sri Lanka; and Tonga.

3.3.3 Minimum import prices

3.9. Reflecting a Member's customs valuation methods, sometimes the authorities used minimum import prices if transaction value was not used. Eight Asia-Pacific Members used (or apparently used) minimum import prices: Bangladesh, Cambodia, Fiji, India, Indonesia, Maldives, Pakistan, the Philippines, Sri Lanka, and Thailand. The use of minimum import prices has been generally phased out in, for example, Bangladesh, Cambodia, Pakistan, Sri Lanka, and Thailand (Box 3). As a result, most Asia-Pacific Members no longer use these prices or minimum value for the purpose of customs valuation.

3.3.4 Preshipment inspection

3.10. Most Asia-Pacific Members do not use, or no longer use, PSI (Box 4). They include: Australia; Bangladesh; Brunei Darussalam; Cambodia; Fiji; Hong Kong, China; Japan; The Republic of Korea, the Republic of; Macao, China; Malaysia; Maldives; Malaysia; Mongolia; Myanmar; Nepal; New Zealand; Papua New Guinea; Samoa; Singapore; Solomon Islands; Sri Lanka; Chinese Taipei; Thailand; Tonga; Vanuatu; and Viet Nam. The use of the transaction value at the customs of the importing country would need to be accompanied by sophisticated risk assessment.

3.11. However, some Members continue to use PSI: China, India, Indonesia, Pakistan, and the Philippines.

3.4 Tariffs and other charges

3.4.1 Overview

3.12. As discussed in Daly (2011), for some 15 years after the conclusion of the Uruguay Round (UR), the overall trend in applied MFN rates in Asia-Pacific had, by and large, continued to be downwards, whether in line with Members' UR commitments or owing to unilateral actions. This trend also continued, by and large, in the next decade. Thus, since 1989, the overall trend in applied MFN rates in the Asia-Pacific region has been downwards for total merchandise, as well as for agriculture and industries (Table 3). For example, in Australia, the simple average applied MFN rate for all merchandise fell from 10.6% in 1989, to 9.6%[12] in 1993, to 6.1% in 1996, to 5.9% in 1997, to 3.1% in 2010, and to 3.0% in 2014. In Japan, it decreased from 9.4% in 1997,

[10] WTO. Viewed at: https://www.wto.org/english/tratop_e/cusval_e/cusval_e.htm.

[11] These included: numerous consumer goods, electrical hardware, vehicles and automotive products, boats and parts thereof, and containers.

[12] Including auction premiums for quantitative restrictions.

to 5.8% in 2010, and rose slightly to 6.1% in 2016.[13] In the Republic of Korea, the tariff average is considerably higher: 14.4% in 1996, 12.8% in 2010, 13.3% in 2012[14], and 14.1% in 2014.[15] While some Members raised a few of their applied MFN tariffs, such increases were relatively uncommon and rarely caused the simple applied MFN tariffs of the Members concerned to increase.[16] The simple average applied MFN tariff may increase due to transposition to a new tariff nomenclature and the splitting of lines carrying high tariffs, as in the case of the Philippines between 2011 and 2017. It should be noted that other tariff-related indicators than the simple applied MFN tariff rate need to be examined to assess the level of tariff protection.

3.13. It would appear that decreases in the simple average applied MFN rates between the pre-WTO period and post-UR period were more significant, compared with decreases in recent 20 years: Australia's simple average applied MFN rate fell from 9.6% in 1993 to 6.1% in 1996; and Bangladesh's average rate fell from 58% in 1993/94 to 22% in 1999/2000. However, in some Members, the average applied rates increased partly due to the tariffication of some tariff lines previously subject to import bans or quotas, or because of nomenclature changes. Also, tariff decreased were substantial as a consequence of the WTO accession of new Members. For example, in China, the simple average applied tariff decreased from 15.6% in 2001 to 9.7% in 2005, and 9.3% in 2017. Three Members in the region had zero applied tariff on all (or almost all) imports; these are: Hong Kong, China; Macao, China; and Singapore (except six items).

3.14. In some Asia-Pacific Members including: China; Hong Kong, China; Japan; Macao, China; Singapore; Chinese Taipei; and Viet Nam, applied MFN tariffs have been generally at, or close to (within 3 percentage points), bound rates. However, in many Asia-Pacific Members, there is a substantial gap between applied and bound tariff rates. This difference gives the Government considerable scope to raise applied tariffs, undermining predictability. In many Asia-Pacific Members, the percentage of bound tariff lines is at or close to 100%, while in other Members, such as: Bangladesh; Brunei Darussalam; Fiji; Hong Kong, China; India; Macao, China; Malaysia; Myanmar; the Philippines; Singapore; Sri Lanka; and Thailand, the percentage of bound tariff lines is less than 90%. The lower this percentage is, the higher authorities could raise tariffs on more tariff lines, which are unbound, thus also undermining predictability.

3.15. Thus, while tariff averages have been decreasing, tariffs continue to be relatively important barriers to international trade, as non-tariff barriers, notably import quotas and non-automatic import licensing requirements have decreased substantially over the past 30 years. The only remaining import quotas are largely limited to a few non-agricultural products in a few Members. The use of non-automatic import licensing requirements has become limited. The overall decrease of simple average applied MFN tariffs in most Asia-Pacific Members would mean that trade liberalization has made a steady progress over the past 30 years.

3.4.2 Tariff quotas and import quotas

3.16. It is difficult to discern whether the use of tariff quotas has been reduced or not over the past 30 years, as detailed information on these are sometimes difficult to obtain. Their use increased as a result of introduced/added tariff quotas reflecting tariffication of import restrictions (notably import quotas or import bans) on some agricultural products, which often reflect their multilateral commitments, such as the result of the UR. In this context, there has been a general move towards trade liberalization, as more trade-restrictive import quotas/bans have been replaced by tariff quotas.

3.17. Tariff quotas currently exist in: Australia; China; India; Japan; the Republic of Korea; Malaysia; New Zealand; Pakistan; the Philippines; Chinese Taipei; and Viet Nam (Box 5). Bangladesh; Brunei Darussalam; Cambodia; Fiji; Hong Kong, China; Indonesia; Macao, China;

[13] Japan's tariff average is for each fiscal year (FY), which runs from April to March of the following year. For example, FY2019 runs from 1 April 2019 to 31 March 2020.

[14] In 2012, the tariff average increased mainly as a result of the increase in lines subject to high rates of duty (TPR of the Republic of Korea, 2012).

[15] The 2016 increase in the tariff average was a result of the insertion of 16 tariff lines (out-of-quota rates for rice and rice products) at 513% (Section 3.2.6.2), the splitting of tariff lines with high rates and the merger of tariff lines with low rates (TPR of the Republic of Korea, 2016).

[16] Some increases in the average applied MFN tariff rates reflect the change of the HS nomenclature that Members adopted, or the reclassification of tariffs involving increases in tariff lines for higher rates.

Maldives; Mongolia; Myanmar; Papua New Guinea; Samoa; Singapore; Solomon Islands; Sri Lanka; Tonga; and Vanuatu did not use tariff quotas. Some Members terminated the use of tariff quotas. It would appear that New Zealand terminated its last use of them in 1990.

3.18. The following Members in the Asia-Pacific Region did not use import quotas (quantitative restrictions on imports): Cambodia; Fiji; Hong Kong, China; Macao, China; Mongolia; Myanmar; Nepal[17]; New Zealand; Papua New Guinea; Solomon Islands; Chinese Taipei; Tonga; Vanuatu; and Viet Nam.

3.5 Local-content requirements and other TRIMs

3.19. During the 30 years since 1989, local-content requirements were used in: Australia; Fiji; India; Indonesia; the Republic of Korea; Malaysia; Nepal; New Zealand; Pakistan; the Philippines; Tong; and Viet Nam. It would appear that Australia, Indonesia, the Republic of Korea, New Zealand, and Pakistan has eliminated local content requirements, judging from the absence of description of such requirements in the Secretariat reports in their latest TPRs (Box 6).

3.6 Measures directly affecting exports

3.6.1 Export taxes

3.20. During the period under their reviews, ten Members in the Asia-Pacific Region did not use export taxes: Brunei Darussalam; Hong Kong, China[18]; Japan; the Republic of Korea; Macao, China[19]; New Zealand; Chinese Taipei; Samoa; Singapore; and Tonga (Box 7). Australia terminated its use of export taxes on uranium in November 1994, and export taxes on coal on 1 July 1992.

3.21. The remaining 19 Members out of the 30 Asia-Pacific Members that have undergone at least one TPR have continued using export taxes. Reasons for the use of export taxes included: discouraging the production; encouraging the domestic use of products; encouraging local processing and thus encouraging the export of finished products; to promote domestic value added; ensure domestic supply of raw materials for higher value-added industries; ensure an "adequate" domestic price; protecting human health; preserve natural resources.

3.6.2 Export quotas

3.22. The following Members did not use export quotas during their review period: Brunei Darussalam; Japan; Maldives; Mongolia; Myanmar; Papua New Guinea; Samoa; Solomon Islands; Tonga; Vanuatu; and Viet Nam. Other Members in the region used export quotas, some of which have already been eliminated (Box 8).

3.23. Some developing countries used export quotas on textiles and clothing under the MFA and the Agreement on Textiles and Clothing (ATC). These included: Bangladesh; Cambodia; China; Hong Kong, China; India; Indonesia; the Republic of Korea; Pakistan; the Philippines; Singapore; Sri Lanka; and Thailand. These quotas were terminated on 1 January 2005.

3.6.3 Voluntary export restraints (VERs)

3.24. Under the WTO Safeguard Agreement, "grey area" measures are prohibited. These include using bilateral negotiations outside GATT's auspices to persuade exporting countries to restrain exports "voluntarily" or to agree to other means of sharing markets.[20] Agreements of this kind

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[17] Nonetheless, at the time of its first TPR in 2012, it was noted that "the Nepal Gazette lists quantitative restrictions on imports of animal feed containing opium."

[18] At the time of its first TPR in 1990, Hong Kong had "other charges" on exports, including export declaration charges.

[19] Macao, China eliminated its fee on gold re-exports in January 1996.

[20] Article 11 1(b) of the Agreement on Safeguards stipulates that "a Member shall not seek, take or maintain any voluntary export restraints, orderly marketing arrangements or any other similar measures on the export or the import side (note: Examples of similar measures include export moderation, export-price or import-price monitoring systems, export or import surveillance, compulsory import cartels and discretionary

used to reach for a wide range of products including automobiles, steel, and semiconductors. The agreement says Members must not seek, take or maintain any VERs, orderly marketing arrangements or any other similar measures on the export or the import side.[21] All VERs were eliminated during the past 30 years.

3.25. During the period under their respective reviews, the following Asia-Pacific Members did not use VERs: Bangladesh; Brunei Darussalam; Cambodia; China; Fiji; India; Indonesia; Macao, China; Malaysia; Maldives; Mongolia; Myanmar; Nepal; Pakistan; the Philippines; Papua New Guinea; the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei); Singapore; Solomon Islands; Sri Lanka; Tonga; Vanuatu; and Viet Nam. On the other hand, some Asia-Pacific Members used VERs, including export restraints as per bilateral agreements under the MFA (Box 9).

4 CONCLUSIONS

4.1. From 132 TPRs concluded on Asia-Pacific Members since 1989, the following main developments have emerged. First, multilateral negotiations for trade liberalization have produced solid and tangible results for trade liberalization in the region. Although RTAs are not covered in this paper, trade liberalization outcomes among participating Members have also resulted from RTAs in the region. As a result of the UR, a large part of non-tariff measures, such as import and export licensing and quotas, used for economic reasons have been phased out, tariffs have come down. Second, Members have undertaken unilateral liberalization and reform measures for the benefit of their own economies before and after the conclusion of the Uruguay Round or WTO accession, as observed in the decline of average tariff rates, while multilateral commitments have apparently played an important role in reforming Members' trade policies and measures, such as customs valuation. Third, reforms can be substantially facilitated by transparency, which many Members have made efforts to improve. Members have adopted legislation that requires the State to limit the scope of discretion in administrative measures. Online information, which used to be almost non-existent around 1990, has been available more extensively in three decades. Fourth, as Daly (2011) mentioned, exports have been restrained by various measures including export taxes for a wide range of reasons; for example, export taxes are under no binding commitments. On the other hand, mainly as a result of the Uruguay Round, VERs have been largely phased out by Asia-Pacific Members. Despite such developments, certain restrictive trade policies and measures still remain in many Members, as they are targeted at specific product groups and are often subject to political pressure against their elimination.

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export or import licensing schemes, any of which afford protection). These include actions taken by a single Member as well as actions under agreements, arrangements and understandings entered into by two or more Members.

[21] WTO information. Viewed at: https://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm8_e.htm.

ANNEXES

Box 1

In **Australia**, at the time of its third TPR in 1998, the Freedom of Information Act, 1982 allowed public access to non-confidential government documents. At the time of its seventh TPR in 2015, it observed the notification and transparency provisions of the OECD Code on Liberalization of Capital Movements and subscribed to the OECD Declaration on International Investment and Multinational Enterprises as well as the OECD Guidelines for Multinational Enterprises.

In **China**, at the time of its first TPR in 2006, the Government drew up the Administrative Permission Law, effective 1 July 2004, which defined the legal basis, the agencies, and the procedures for granting administrative permission.[22] In addition, the Legislation Law, effective 1 July 2000, specified that when drafting legislation apart from laws enacted or amended by the National Peoples' Congress, opinions from organizations and the public had to be solicited through, *inter alia*, seminars, appraisal meetings, and hearings. Draft legislation was also made public for comment when necessary, in official gazettes or newspapers. At the time of its second TPR in 2008, additional measures, such as the Regulation on Open Government Information, were introduced. Since February 2008, most of administrative regulations promulgated at the legislative level of the State Council have been published on the China Legislative Information Network System, a single platform maintained by the Legislative Office of the State Council, for public comments before promulgation. The Provisions on the Disclosure of Government Information, which entered into force on 1 May 2008 specified: which agencies were required to disclose information; the scope of information for disclosure and the way to do it; the processes of disclosure; and the supervision of the system. At the time of its fourth TPR in 2012, the State Council issued a few circulars to direct government agencies at all levels to enhance, *inter alia*, government information disclosures; and public consultations for drafting regulations and rules.

In **Japan**, in 1993, the Administrative Procedures Act was promulgated to bring more clarity to "administrative guidance " procedures, and under a cabinet decision of 23 March 1999, public comment procedures were officially incorporated into the process of policy formulation. Under the Government Policy Evaluations Act, enacted in April 2002, the Cabinet Office and ministries were required to evaluate their own policies before and after implementation and to publish the results of their evaluations. All laws, regulations, and rules are published in the Government Gazette. The Government makes available all laws, Cabinet orders, and ministerial ordinances on the Internet; however, various cabinet decisions and "understandings" are not automatically and fully available online.[23] At the time of its ninth TPR in 2009, Japan launched a project to translate all laws and regulations "of great interest" into English. Cost-benefit analyses of policies, particularly of existing policies, were seldom undertaken. Since 1 October 2007, draft laws or draft cabinet orders to enact, revise or abolish regulations must be evaluated by *ex-ante* regulatory impact analyses (RIAs); the results of these RIAs must be published, in accordance with the Implementation Guidelines for *Ex-ante* Evaluation of Regulations.[24]

In **Malaysia**, at the time of its fifth TPR in 2010, the Prime Minister established a Special Taskforce to Facilitate Business (PEMUDAH) on 7 February 2007, comprising high-level

[22] Article 5 stipulated that provisions on administrative permission had to be promulgated before they could be used to grant such permission; all administrative permission outcomes, except for those related to state or business secrets or individual privacy, had to be published. Articles 40 and 61 gave the public the right to consult administrative permission decisions by administrative departments. Article 30 stipulated that administrative departments shall make public at their premises all matters related to the application and its permission, including the basis for granting permission, requirements, quantity, procedure, time-limit, and the catalogue of related materials regarding the relevant permission, together with the application forms.

[23] Each ministry decides whether to put relevant cabinet decisions on its own website and/or to publish the decisions (including in the Government Gazette) when it considers it necessary.

[24] The Guidelines provide: standard guidance on the type of analysis that should be conducted; what procedures are necessary; and other matters relevant to the *ex-ante* evaluation of regulations. According to the Guidelines, *ex-ante* evaluations should report: the purpose, contents and necessity of regulations; analysis of their costs versus benefits; comparison with alternatives; views of experts, and other related matters; and time and/or condition for reviews. An evaluation report concerning a regulation is to be made public no later than the Cabinet's approval of the draft law to enact, revise or abolish the regulation.

representatives from both the public and private sectors; the PEMUDAH aimed to improve the business environment by enhancing public services. Major measures included: setting up one-stop centres to facilitate the application for business licences and registration of property; accelerating the approval procedures to employ expatriates and skilled workers; and promoting the use of information and communications technology (e-government). Policy evaluation was undertaken by the Economic Planning Unit (EPU) in the Prime Minister's Department. Various government agencies studied the effectiveness of policies; for example, the Malaysian Productivity Centre published an annual productivity report analysing Malaysia's performance. However, no agencies provided cost-benefit analyses of government policies.

In the **Philippines**, at the time of its third TPR in 2005, the authorities indicated that laws, rules, and regulations could not take effect until 15 days after their publication in the Official Gazette or in a newspaper with general circulation in the Philippines. Conducting public hearings and consultations when formulating policies also enhanced transparency, and the private sector and other groups were represented on certain government committees (e.g. the Export Development Council).

In **New Zealand**, at the time of its third TPR in 2003, it did not have any independent agencies to assess government policy. However, the extensive consultation process through which policy was formulated and reviewed ensured that there was a high level of transparency in the policy-making process. The Ministry of Foreign Affairs and Trade, in developing trade policy, consulted routinely with stakeholders, including business, unions, Maori, consumer representatives, local government, and other non-governmental organizations. The authorities also pointed out that any papers considered by Cabinet were obliged to demonstrate that effective consultation had occurred; in addition, a Regulatory Impact/Business Compliance Cost Statement had to accompany any Cabinet submission proposing changes to legislation or regulations. Reviews of government policies were also carried out from time to time. The recent Review of the Centre, for example, addressed issues such as delivery of policies through improved inter-agency interaction, and the fragmentation of public services through a proliferation of agencies. The changes suggested included improved coordination and cooperation between departments and other agencies, and ways in which to tackle fragmentation in the public sector. The Government established a Change Implementation Advisory Group in April 2002 to implement the changes suggested by the Review. At the time of its fourth TPR in 2009, in 2006-07 in response to the interest of New Zealand firms and business associations in public procurement markets overseas, the Government conducted a review of its policy towards membership of the WTO Government Procurement Agreement (GPA). Following a subsequent review in 2008, New Zealand applied to become an observer to the GPA. Before launching trade negotiations, a routine process of public consultation was undertaken. A National Interest Analysis on the effects of a prospective preferential trade agreement was prepared, prior to parliamentary examination of any such agreement.

In **Singapore**, at the time of its fifth TPR in 2008, the Government indirectly owned interests in various enterprises, both locally and abroad, many of which were held by its investment holding company, Temasek. Temasek-linked companies (TLCs) were managed by their respective management, under the guidance of their respective Boards of Directors. While listed TLCs were subject to the rules of disclosure imposed by the Singapore Exchange, Temasek itself was not listed and, as an exempt private company, was not required to publish or disclose its financial accounts. Since 2004, however, there had been a significant move towards transparency: Temasek began to publish basic financial data when it sought to obtain an international credit rating to raise funds; and the data had been confined to consolidated accounts that omit flows between subsidiary investments, and historical financial data prior to 2001. As a fund manager, the GIC (previously known as Government of Singapore Investment Corporation) managed funds on behalf of the Government of Singapore. Like Temasek, the GIC was an exempt private company and was not required to publish its company accounts; however, on its website, it disclosed information relating to its investment process, long-term performance, and strategies of the various investment groups. According to the authorities, the relationship between the Government and the GIC was one of fund owner and fund manager, respectively. GIC funds were consolidated in the Government's accounts, independently audited by the Auditor-General's Office and presented to the President of Singapore. The Ministry of Trade and Industry consults regularly with the business community, primarily through meetings with the various chambers of commerce and trade associations in Singapore, such as the Singapore Business Federation. National committees may be formed from time to time to examine specific issues (such as the Economic Review Committee in 2001-03). The committees usually include representatives from ministries, statutory boards, and the private sector. Draft legislation or guidelines may be issued for public consultation, usually through the website of ministries and statutory boards. The transparency of Singapore's trade regime is enhanced by regular notifications to WTO bodies and committees. Singapore introduced a number of changes to its SPS requirements, as notified to the SPS Committee. Import restrictions related to the bovine spongiform encephalopathy were replaced by requirements based on World Organization for Animal Health guidelines. The technical barriers to trade (TBT) regime remained substantially unchanged. A specific trade concern was raised in the TBT Committee regarding Singapore's announcement that it would consider a plain packaging requirement for tobacco products. A public consultation on this matter was held until March 2016.

In addition, many Asia-Pacific Members have been disseminating laws and regulations in their government gazettes or on their government websites.

In **Bangladesh**, at the time of its fifth TPR in 2019, laws in Bengali were published in the Bangladesh Gazette, which was updated weekly, and was available to all individuals and institutions. The websites of most of the relevant ministries and agencies contained limited information in English.

In **Cambodia**, at the time of its first TPR in 2011, all laws and regulations were published in Khmer in the Official Journal, which was updated monthly and was available to all individuals and institutions. There was no corresponding website. At the time of its second TPR in 2017, Cambodia was developing key projects for e-government services including government administration information systems, national information infrastructure, a financial management information system, a taxation payment system, e-customs, a national single window, and online business registration systems. In order to enhance transparency, a preliminary draft of a law on access to information envisaged procedures and the institutional setting for providing information (except for information classified as confidential) to the public at national and subnational levels; fines and imprisonment could apply to civil servants who failed to comply with its provisions.

In **China**, at the time of its first TPR in 2006, all foreign trade-related laws, regulations, and rules were published in the China Foreign Trade and Economic Cooperation Gazette (later renamed the China Foreign Trade and Economic Gazette). Since July 2008, departmental rules by the central government agencies were also published through this system. In addition, English translations of laws were compiled and published by the Legislative Affairs Commission of the Standing Committee of the NPC, while trade-related laws and regulations were compiled and published by the Legislative Affairs Office of the State Council. The Government was also promoting the use of the Internet to enhance transparency.[25] Departmental rules by the central government agencies were also published through the China Foreign Trade and Economic Gazette.

In **Hong Kong, China**, at the time of its fifth TPR in 2006, transparency was already a major feature of its legal and institutional setting; legislation, statistics, reports, and studies were widely available at several governmental and non-governmental websites, which were easy to access and regularly updated.

In the **Republic of Korea**, at the time of its third TPR in 2000, most public sector agencies, institutes, and entities had Internet websites; a large part of the information was available on these websites in English language. At the time of its seventh TPR in 2016, the Ministry of Government Legislation (MOLEG) made laws and regulations available on its Internet website in English and Korean, and published regulations affecting foreign trade in the Consolidated Public Notice on Guidelines of Exports and Imports.[26]

[25] By the end of 2004, more than 16,000 official websites had been launched for ministries, commissions, other departments under the State Council and local governments. According to the authorities, central and local government legislation and administrative measures were all available in Chinese on the Internet.

[26] The authorities indicated that English translations for most of the Acts and Presidential Decrees are already available. The MOLEG continues its efforts to have the Ordinances of the Prime Minister and Departmental Ordinances translated into English as well.

In **Malaysia**, by the time of its fourth TPR in 2006, it had taken a number of measures within the context of the Asia Pacific Economic Cooperation (APEC), to foster greater transparency in laws, procedures, and administrative rulings in a number of sectors, including customs, investment, intellectual property, and standards. For example, Malaysian customs published several guides and established a customs-private sector consultative panel. At the time of its fifth TPR in 2010, the Prime Minister established a Special Taskforce to Facilitate Business (PEMUDAH) on 7 February 2007. Comprising high level representatives from both public and private sectors, PEMUDAH aimed to improve the business environment by enhancing public services. Major measures include: setting up one-stop centres to facilitate application for business licences and registration of property; accelerating the approval procedures to employ expatriates and skilled workers; and promoting the use of information and communications technology (e-government). Policy evaluation was undertaken by the Economic Planning Unit (EPU) in the Prime Minister's Department. The EPU also commissioned specific bodies, such as the World Bank, to undertake studies. Various government agencies studied the effectiveness of policies; for example, the Malaysian Productivity Centre published an annual productivity report analysing Malaysia's performance. However, no agencies provide cost-benefit analyses of government policies, indicating room for further improvement in transparency.

In **Myanmar**, at the time of its first TPR in 2014, ministries were using websites to publish information online. In particular, the Ministry of Commerce set up two websites through which businesses could access trade information. It published a weekly Commerce Journal, and a monthly Trade News booklet, providing trade-related information.

In **Chinese Taipei**, at the time of its second TPR in 2010, its laws were publicly available through publications and on government websites in Chinese and, in several cases, also in English. An integrated Cabinet Gazette was issued daily and was available online.[27]

In some developing Asia-Pacific Members, there were issues of outstanding notifications to the WTO. However, some developing Members met, by and large, their WTO notification commitments.

At the time of its fifth TPR in 2019, **Bangladesh** continued to have some outstanding notifications during the review period.

At the time of its third TPR in 2015, **Brunei Darussalam** had made a number of notifications to the WTO, but some remain outstanding, particularly in agriculture and import licensing.

At the time of its second TPR in 2017, **Cambodia** had submitted a small number of notifications to the WTO mainly pertaining to tariffs, import licensing procedures, agriculture and regional trade agreements (RTAs)/services; no recent/regular notifications on import licensing requirements or domestic support to agriculture were received, and no notifications on state trading enterprises had ever been submitted.

At the time of its third TPR in 2016, **Fiji** had 54 outstanding notifications (at the end of 2014) compared with 70 in 2009. At the time of its sixth TPR in 2013,

Indonesia had maintained a solid record of meeting its WTO notification obligations, while notifications were outstanding in the areas of: agriculture; import licensing; notification procedures for quantitative restrictions; state trading enterprises; and subsidies and countervailing measures. Indonesia had not notified any new, or any changes to existing laws, regulations or administrative guidelines, which significantly affected trade in services that it was obliged to notify under Article III.3 of the GATS.

At the time of its seventh TPR in 2018, **Malaysia** had submitted notifications to the WTO in a number of areas. However, at end-October 2017, several notifications were outstanding, including on: agriculture (domestic support); quantitative restrictions; and customs valuation.

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[27] It was divided into nine main categories including rules and regulations, administrative directions, notices, enforcement directives, public information disclosure, and other reports; resolutions of the executive meeting were collected in appendices or published separately in supplements.

In **Maldives**, whereas during 2003-09 no notifications were submitted to the WTO, a single submission notification relating to the Law on Copyright and Related Rights (Law No. 23/2010) was made after 2009. Furthermore, apart from some tariff-related Integrated Data Base submissions (last made in 2011), no notifications had ever been submitted in areas such as customs valuation, state trading, TBT, sanitary and phytosanitary (SPS) measures, where Maldives maintained relevant measures. According to the authorities, the main reasons for non-submission of WTO notifications were the lack of both human resources capacity and knowledge in notification matters, and the outcome of institutional restructuring that deprived agencies of staff already trained in this area.

At the time of its second TPR, **Mongolia** had made some notifications to the WTO but, in many cases, notifications were lacking.

At the time of its first TPR in 2014, as at end-September 2013, **Myanmar** had 49 notifications outstanding in the WTO Central Registry of Notifications. Many of its notifications were old, and the relatively recent notifications were sent together with other ASEAN members.

At the time of its second TPR in 2018, despite efforts to meet WTO notification requirements, many of **Nepal**'s notifications were still outstanding, including some relating to subsidies, domestic support for agriculture, services, customs valuation, and import licensing procedures.

In **Pakistan**, at the time of its fourth TPR in 2015, while it had made regular notifications to the WTO on various aspects of its trade and legislative regimes, there were many outstanding notifications in areas such as: SPS, TBT and domestic support in agriculture.

In **Papua New Guinea**, at the time of its second TPR in 2010, it had not fully met its WTO notification requirements since 2000; 43 notifications relating to agriculture were outstanding as at June 2010. The authorities indicated that this reflected a lack of coordination among relevant departments and agencies as well as capacity constraints, and that further technical assistance was needed if PNG was to satisfactorily meet its notification commitments.

In **Samoa**, at the time of its first TPR in 2019, it had provided ten notifications since its accession to the WTO in 2012. A WTO notification workshop was held in Samoa in 2017. While the Government had prioritized the implementation and notifications related to the Trade Facilitation Agreement, it had outstanding notification obligations in areas such as domestic support and export subsidies in agriculture and import licensing procedures. Also, it had not notified any of its recent TBT and SPS measures.

Solomon Islands, between 2009 and July 2016, did not submit any notifications to the WTO.

Between 2006 and 2010 (1 March), **Chinese Taipei** met notification requirements under various WTO agreements, except for those relating to domestic support in agriculture.

In **Thailand**, at the time of its seventh TPR in 2015, while it had maintained a good record of notifications to the WTO, notifications were outstanding with respect to agriculture (domestic support); TRIPS (response to checklist of issues on enforcement); import licensing (replies to questionnaire); rules of origin; and state trading enterprises.

In **Tonga**, by the time of its first TPR in 2014, it had submitted 17 notifications relevant to its WTO commitments. It notified its legislation on intellectual property in June 2009, and the laws and regulations were reviewed in the WTO Council for TRIPS in October 2009. In other notifications, Tonga provided information on its business licensing regime and on "green box" support to agriculture. Tonga also informed WTO Members that it had no legislation or institutional framework for the investigation and imposition of anti-dumping or countervailing measures on trade.

Vanuatu, at the time of its first TPR in 2018, submitted few notifications to the WTO; as at 31 December 2017, notifications were outstanding in the areas of: agriculture (export subsidies); intellectual property rights (Article 69 in conjunction with the TRIPS Council Decision of 1995); the TRIMs Agreement; import licensing procedures; quantitative restrictions; customs valuation; rules of origin; the Integrated Database for imports for 2016; subsidies and countervailing measures; state trading enterprises; and GATS.

In **Viet Nam**, at the time of its first TPR in 2013, since it became a WTO Member (and until end-May 2013), it had submitted 130 notifications relevant to its WTO obligations; the majority of the communications concern SPS (47) and TBT (35) matters. Notable gaps exist for agricultural and industrial subsidies, where Viet Nam had yet to submit data on support provided since 2007 pursuant to its obligations under the Agreement on Agriculture and Article 25 of the Agreement on Subsidies and Countervailing Measures. Moreover, despite the importance of the public sector to its economy, Viet Nam had not provided updated information or notifications pertaining to state trading. In the area of customs valuation, it reported no changes in laws and regulations.

Box 2

In **Australia**, in 1994, specific legislation was passed to bring the customs valuation, antidumping and countervailing activities in line with the relevant Tokyo Round Agreements.[28] At the time of its third TPR in 1998, the usual method for calculating the value of imports was based on the original (f.o.b.) price of the imported goods. At the time of its fourth TPR in 2002, Australia had applied the CVA.[29] Goods were valued under nine different methods of valuation in a sequence established in the domestic legislation; the most common was the transaction value method which was used for around 98% of all imports.

In **Bangladesh**, at the time of its first TPR in 1992, Section 25 of the Customs Act 1969 provided the legal framework for the valuation of imports and exports and the assessment of customs duties on the basis of the concept of normal price. However, the National Board of Revenue fixed tariff values for some individual items on the basis of available price information, as specified in the Operative Tariff and Tax Schedule. Valuation of imports for which the tariff value had not been calculated was based on the invoice price or if not available or acceptable, the cost, insurance, and freight (c.i.f.) value. At the time of its second TPR in 2000, under the Customs Act 1969, the tariff value schedule, which officially set minimum import prices, included 977 tariff lines at the eight-digit HS level, accounting for 15.0% of total tariff lines. Bangladesh adopted the CVA in February 2000. Since then, only petroleum products (both crude and refined), imported solely by the Government, are assessed at tariff values. At the time of its fifth TPR in 2019, the customs value of more than 90% of imported goods was assessed according to the transaction value. The authorities often pre-set the customs value or minimum value for some items, for the purposes of levying custom duties to tackle under-invoicing.[30]

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[28] "The Tokyo Round Valuation Code, or the Agreement on Implementation of Article VII of the GATT, concluded in 1979, established a positive system of Customs Valuation based on the price actually paid or payable for the imported goods. Based on the transaction value, it was intended to provide a fair, uniform and neutral system for the valuation of goods for customs purposes, conforming to commercial realities. This differs from the notional value used in the Brussels Definition of Value (BVD). As a stand-alone agreement, the Tokyo Round Valuation Code was signed by more than 40 contracting parties. The Tokyo Round Code was replaced by the WTO Agreement on Implementation of Article VII of the GATT 1994 following conclusion of the Uruguay Round. This Agreement is essentially the same as the Tokyo Round Valuation Code and applies only to the valuation of imported goods for the purpose of levying *ad valorem* duties on such goods. It does not contain obligations concerning valuation for purposes of determining export duties or quota administration based on the value of goods, nor does it lay down conditions for the valuation of goods for internal taxation or foreign exchange control. WTO information. Viewed at: https://www.wto.org/english/tratop_e/cusval_e/cusval_info_e.htm.

[29] WTO document G/VAL/N/1/AUS/1, 28 August 1995.

[30] According to the authorities, the Government may, by notification in the official Gazette, fix, for the purpose of levying customs duties, tariff values (or minimum values) for any goods imported as chargeable with customs duty *ad valorem*. Provided that any imported or exported goods, the declared value of which is higher than its tariff value fixed under this subsection, shall be chargeable with customs duties on the basis of its declared value, and Bangladesh is using this provision only recently as a temporary basis. After using the mandatory PSI for valuation and tariff classification since 2000, Bangladesh finally abolished it in July 2013. In order to cope up with the growing tendency of under-invoicing among traders in the aftermath of the post PSI period, the Government had to resort to this provision on a limited scale in July 2016. It is pertinent to be mentioned that a comprehensive valuation rule based on Article VII of GATT is already in force since 2001. In order to keep the deviation to a minimum, minimum import values were fixed as region/country specific for a limited number of commodities. The Government is currently working on improving its valuation practices and on strengthening post-clearance audit activities so that it can discontinue with the provision of minimum value (WTO document WT/TPR/M/385/Add.1, 4 June 2019).

At its first TPR in 2001, **Brunei Darussalam** informed the WTO Secretariat that it would make use of transitional measures that gave developing countries the right to delay application of Article VII of the GATT 1994 for a period of three years.[31] According to the authorities, the provisions were implemented on an administrative basis. At the time of its second TPR in 2008, Brunei Darussalam informed the WTO that the legislation on customs valuation had been gazetted and implemented and, from 1 September 2001, the Customs and Excise Department would officially apply the Customs Valuation Code as contained in the Customs (Valuation of Imported Goods) Rules 2001 and amendments made to the Customs Act (Cap. 36) as contained in the Customs Order 2006. At the time of its third TPR in 2015, according to the authorities, most goods were assessed under the transaction value in 2013.

At the time of its first TPR in 2011, **Cambodia** had requested a five-year transitional period to allow it to obtain and utilize technical assistance to facilitate the implementation of the obligations of the Agreement.[32] From January 2009, Cambodia took transitional measures in view of adopting the CVA[33]; on 1 January 2011, it terminated the transitional use of the above methods. Since its second TPR in 2017, over 99% of all imports are valued according to the transaction value.

In **China**, at the time of its first TPR in 2006, customs value was determined by Customs mainly on the basis of transaction value (the c.i.f. price).[34] In 2011, the customs value for more than 99% of its imports was determined on the basis of transaction value. At its sixth TPR in 2016, although the legislation regulating customs valuation, which had been in place since 2006, was amended in 2013, valuation procedures did not undergo major changes. The valuation of freight and insurance for goods transported by road and railways was clarified in the 2013 amendment, which also repealed the provisions concerning the dutiable price of special imported goods (e.g. goods imported to be repaired and then exported or goods imported temporarily).

At the time of its first TPR in 1997, **Fiji**'s customs valuation legislation was contained in the Customs Tariff Act. On 1 January 1997, Fiji adopted the methods in the CVA as its means of customs valuation; previously the Brussels Definition of Value[35] had been used. All tariffs were

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[31] Brunei Darussalam also reserved the right to provide that the relevant provision of Article 4 of the Agreement would apply only when the customs authorities agreed to reverse the order of Articles 5 and 6; and to provide that Article 5(2) shall be applied in accordance with the provisions of the relevant note thereto, whether or not so requested by the importer.

[32] Cambodia was of the view that a move to the transaction value system could pose major risks to government revenue and therefore proposed that minimum customs values be phased out gradually over five years, with full compliance with the CVA to be achieved by the end of 2008. The challenges facing the customs administration at the time included a low rate of voluntary compliance by importers, lack of sound accounting systems and record keeping, and the limited capacity of Customs to administer transaction valuation provisions.

[33] From 1 January 2009, Customs was prepared to implement the first three methods of customs valuation: transaction value, identical goods, and similar goods; and on 1 January 2011, Cambodia took the final steps necessary to fully implement the Agreement. Praka (ministerial order) 32 of Cambodia's customs valuation legislation was a transitional provision providing Customs with some flexibility to provide for the use of valuation methods other than those contained in the CVA for certain goods that Cambodia deems as sensitive or high risks. Praka 32 of the MEF Regulation No. 387 (2008), which implements the CVA allowed the General Department of Customs and Excise to use the price-list methods, temporarily, for the valuation of certain sensitive items and high-risk goods, including used vehicles and other used items as well as petroleum products.

[34] Where it was not possible to determine the transaction value, the customs value was based on: the transaction value of identical or similar goods imported into the Customs territory of China at or about the same time as the goods being valued; the unit price of the greatest aggregate quantity of identical or similar goods imported by an unrelated importer at or about the same time; or the computed value (including the cost of materials, components and parts, profit and general expenses attributed to identical or similar goods sold in China, and the c.i.f. price). Failing these, value was determined "on a reasonable basis" as provided under the CVA. The order of application of the transaction value and value based on the unit price might be reversed upon request by the importer.

[35] From the 1950s, customs duties were assessed by many countries according to the Brussels Definition of Value, under which a normal market price, defined as "the price that a good would fetch in an open market between a buyer and seller independent of each other", was determined for each product, according to which the duty was assessed. Factual deviations from this price were fully taken into account only where the declared value was higher than the listed value. Downward variations were taken into account only

applied to the c.i.f. value of imports. At the time of its second TPR in 2009, the customs value for cinematographic film for hire was fixed at the time of importation at FJD 15,000 for English (and other language films) and FJD 20,000 for Hindi films.

In **Hong Kong, China**, since no customs duties or fees were levied on imports, there were no general laws, regulations, or administrative procedures for valuing goods for customs purposes. However, according to the authorities, the value of goods for the purpose of assessing the *ad valorem* excise duties was determined in accordance with the CVA.[36]

In **India**, at the time of its first TPR in 1993, customs valuation procedures were based on the Tokyo Round Code. The main legislation covering customs collection and administration was the Customs Act of 1962, and varying regulations issued in this regard including the Customs Valuation (Determination of Price of Imported Goods) Rules, 1998, had been amended since the completion of the Uruguay Round, to bring it into conformity with the provisions of the CVA. India invoked the special provisions for developing countries under the CVA relating to computed value and unit price of the imported goods.[37] Under Indian legislation, the transaction value was the basis for customs valuation.[38] At the time of its fourth TPR in 2007, India used reference prices to value some agricultural imports. It continued to maintain reservations under Annex III, paragraphs 3 and 4 of the CVA concerning the reversal of the sequential order of Articles 5 and 6 and the application of Article 5.2, whether or not the importer so requested. The Committee on Customs Valuation concluded its examination of India's legislation on customs valuation in May 2006. At the time of its fifth TPR in 2011, the Customs Act 1962 (Section 14), the Customs Valuation (Determination of Price of Imported Goods) Rules 1988, its amendments, and the Finance Act 2007 regulated customs valuation in India.[39] Amendments to customs valuation legislation entered into force on 10 October 2007. Under Customs Notification No. 93/2007, Section 14 of the Customs Act was substituted by Section 95 of the Finance Act 2007. The amended section stipulates that the determination of the value of imports should be based on the transaction value, i.e. "the price actually paid or payable for the goods when sold for export to India", including any amount paid or payable for costs and services (e.g. commissions and brokerage fees, royalties and licence fees, transport and insurance costs,

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up to 10%. This method apparently caused widespread dissatisfaction among traders, as price changes and competitive advantages of firms were not reflected until the notional price was adjusted by the customs office after certain periods of time. For example, new and rare products were often not captured in the lists, which made determination of the "normal price" difficult. WTO information. Viewed at: https://www.wto.org/english/tratop_e/cusval_e/cusval_info_e.htm.

[36] The valuation method to assess excise duties was stipulated in Section 26A of the Dutiable Commodities Ordinance. Under the Ordinance, the value of a good is its "normal price", which is the sales price of the good on the open market between a buyer and a seller independent of each other. Normal price does not include the costs of transport and insurance and other related charges. Where a normal price cannot be determined, Customs may fix a value to assess and calculate the excise duties. For imported and domestically produced liquor, the ex-factory price is the basis for assessing the excise duty. The first registration tax for vehicles is levied on the vehicle's published retail price.

[37] Article 20.2 allows developing country Members, not party to the Tokyo Round Codes to delay application of the computed value method for a period not exceeding three years following their application of all other provisions of the Agreement. In practice, this means that developing country Members, not party to the Tokyo Round Code, can delay the computed value method a total of eight years. WTO information. Viewed at: https://www.wto.org/english/tratop_e/cusval_e/cusval_info_e.htm.

[38] The transaction value was defined as the price actually paid for the goods when sold for export to India, adjusted to reflect some costs and services incurred by the buyer. Some WTO Members had raised concerns regarding the rules for the estimation of transportation costs, loading, unloading and handling charges and/or insurance in the cases when these were not ascertainable. In such instances a specified percentage of the f.o.b. value of the imports was used in the calculation of cost and services. According to the authorities, the provision of a fixed percentage was made for transparency purposes.

[39] Under Section 14(2) of the Customs Act, 1962, tariff values can be fixed for any class of imported goods having regard to the trend of value of such or like goods. According to the authorities, tariff values were fixed only in respect of palm oils, crude soybean oil, poppy seeds and brass scrap. These values were fixed based on prevailing international prices of these goods as observed from various reputed international journals and other publications. The tariff values were neither arbitrary or fictitious values nor minimum customs values. These values on identified goods were computed based on the prevailing international prices, or the prices at which these goods were sold or offered for sale in the ordinary course of international trade under fully competitive conditions. These values were floating values and were frequently reviewed and revised so as to keep them closer to the transaction values under Article 1.1 of the CVA. (WTO document WT/TPR/M/249/Add.1, 14 October 2011).

and handling charges).

At the time of its first TPR in 1991, **Indonesia** was not a signatory to the GATT Customs Valuation Code. At the time of its second TPR in 1994, the authorities claimed that valuation methods essentially followed the GATT Valuation Code on goods inspected by Customs. The value for duty of these imports was the invoice (or transaction) value, unless there was reason to doubt its accuracy. In these cases, Customs verified the transaction price with a "test value" taken from a price profile of products maintained and updated regularly by Customs.[40] Although tariffs were normally levied on the c.i.f. invoice value, check prices have been used on some products as minimum values on which to levy tariff duties. Check prices no longer applied following their removal in June 1994 on polypropylene, craft papers for cement sacks, formic acid and caustic soda. At the time of its third TPR in 1998, since the entry into force of the CVA, Indonesia had invoked the special provisions available for developing countries for delayed application. The transitional period provided by the Agreement was to end on 1 January 2000. At the time of its fourth TPR in 2003, since January 2000, Indonesia had fully implemented the CVA. In September 2001, the authorities notified the WTO of the Government Regulation on Customs Valuation for the Calculation of Import Duties. Indonesia did not request a reservation to maintain a system of minimum values for a limited time under paragraph 2 of Annex III of the CVA. Indonesia had invoked a transition period of three additional years to apply the computed value method under Article 20.2, and paragraphs 3 and 4 of Annex III (no expiry date).[41]

At the time of its first TPR in 1990, **Japan** was a signatory to the GATT Customs Valuation Code. It revised its Customs Tariff Law to bring it into conformity with the Code. The basis of customs valuation in Japan is the c.i.f. price of imports, which is normally taken to be the transaction value of the import. Japan does not employ minimum import prices.

In the **Republic of Korea**, at the time of its second TPR in 1996, the primary basis for customs valuation was the transaction value, accounting for over 99% of all cases. Imports were valued at their c.i.f. price. According to the authorities, the transaction value was accepted where insignificant differences existed, unless there was reason to suspect the authenticity or accuracy of the declared value, in which case an alternative WTO consistent valuation method was used. At the time of its seventh TPR in 2016, about 96% of imports were subject to the transaction value method. In 2012, the Republic of Korea's international taxation and customs laws were amended to require that the National Tax Service and the Korea Customs Service respect an adjustment made by each other. In 2015, legislation was amended, with the insertion of three new provisions (Paragraph 1, Article 37 of the Customs Act, and Paragraphs 2 and 3 of Article 31 of the Enforcement Ordinance). In accordance with these provisions, in cases where taxpayers applied to the Korea Customs Service Commissioner for an advance customs valuation arrangement, they were also allowed to request an advance pricing arrangement at the same time.

Macao, China, at the time of its second TPR in 2001 (as Macau, China), had accepted the CVA and therefore all the obligations contained therein; the Agreement was published in the Official Gazette. Since no customs duties or fees are levied on imports in Macao, China, there are no general laws, regulations or administrative procedures for valuing goods for customs purposes. Article 21 of the Consumption Tax Regulation stipulates that import valuation is based on the c.i.f. value of goods.

In **Malaysia**, at the time of its first TPR in 1993, its customs value was based on the Brussels Definition. Malaysia had not signed the GATT Customs Valuation Code. It did not apply minimum import prices or reference prices for customs valuation purposes. At the time of its second TPR in 1997, Malaysia had invoked the right to delay the implementation of the CVA for a period of five years. At the time of its third TPR in 2001, it had discontinued the use of the Brussels

[40] Where discrepancies existed, the dutiable value was taken to be the price of identical or similar goods contained in the profile, unless the importer could prove that the invoice price was the correct value. If no comparable price data existed in the profile, customs duties were levied on the product's transaction value.

[41] According to the authorities, Indonesia was not using "check prices" in calculating the value of duty. The basis for customs value was the transaction price that was provided by importers. The use of custom database on price was only used for counter price checking on the indicated low price of imports in their custom declaration. (WTO document WT/TPR/M/117/Add.1, 11 September 2003)

Definition, and employed the transaction value for customs valuations since 1 January 2000. Malaysia's legislation had a provision for minimum import values; however, the authorities maintained that this provision had never been invoked. At the time of its fifth TPR in 2010, Clause 11 of the Customs (Rules of Valuation) Regulation 1999 empowered the Minister of Finance to determine the minimum value of goods; the authorities stated that this had never been applied. The Customs (Values of Imported Completely Built-up motor vehicles (New)) Order, 2006, gave the Minister of Finance power to fix the value of imported completely-built-up cars, as deemed appropriate with a view to tackling under-declaration.[42] At the time of its sixth TPR in 2014, the transaction value was used for about 95% of imports.

In the **Maldives**, at the time of its first TPR in 2003, it invoked the five-year transitional period available to developing countries until 31 May 2000; it was granted a two-year extension until 31 May 2002. In 2002, the Maldives notified the WTO of its efforts to implement the WTO's valuation rules on time; the CVA was to be implemented as soon as the new customs legislation was enacted by Parliament. The Maldives used minimum values for customs purposes. Imported second-hand motor vehicles and cycles were valued according to set depreciation rates applied to the manufacturers' published prices. Members of the South Asian Association of Regional Cooperation agreed to assist each other to adopt the CVA and to exchange relevant information on its implementation, including on legislative developments and problems encountered. At the time of its third TPR in 2016, with the adoption of the Maldives Customs Act in 2011, valuation of goods was, in principle, determined in accordance with the principles and provisions of the CVA. Imports were valued at their c.i.f. price, or the cost and freight charges price if the goods were not insured. In 2014, around 94% of declarations were processed under the transaction value method. Maldives had neither submitted notifications on its legislation nor replied to the checklist of issues as required by the CVA.

At the time of its first TPR in 2005, **Mongolia** used the c.i.f. price of imports as the basis for customs valuation. The primary basis for determination was the transaction value, i.e. the price actually paid or payable for the goods when sold for export to the customs territory of Mongolia. According to the authorities, Mongolia's laws on customs valuation were in full conformity with the CVA, and that it would not require recourse to any transitional period for implementation of that Agreement.[43] At the time of its second TPR in 2014, the authorities indicated that the transaction value applied to more than 70% of the total transaction value of imports.

At the time of its first TPR in 2014, **Myanmar** did not apply the provisions of the CVA. Customs valuation was based on the "real value", which was taken to be the normal price or import value of goods at the time and place of importation. Import duties are charged on the c.i.f. price (real value).

In **Nepal**, at the time of its first TPR in 2012, it was noted that the CVA was followed in determining customs value of imported goods. At the time of its second TPR in 2018, the legal basis for customs valuation was the Customs Act, the Customs Regulation, the Customs Valuation Directive, and the annual fiscal acts.

At the time of its first TPR in 1990, **New Zealand** was a signatory to the Agreement on Implementation of Article VII of the GATT (since 1982). The provisions of the Agreement were contained in the Ninth Schedule of the Customs Act 1966. New Zealand had accepted the f.o.b. basis of valuation under the provisions of the Agreement. Customs value was based primarily on the transaction value of the imported goods. At the time of its second TPR in 1996, New Zealand's customs valuation legislation was based on the CVA.

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[42] According to the authorities, the value fixed under Section 12 of the Customs Act 1967 would normally be based on the panel proposal. The panel would review all the relevant importation documents and data or information which was available in Malaysia. The customs value would be derived on the basis of a hierarchical order of valuation rules as follows: (i) the transaction value or the transaction value plus adjustment under Regulation 4 and 5; (ii) the transaction value of identical goods under Regulation 6; (iii) the transaction value of similar goods under Regulation 7; (iv) the deductive value of the imported goods under regulation 8; (v) the computed value of the imported goods under regulation 9 (not applicable in the case of imported completely-built-up cars); and (vi) flexible valuation allowed (WTO document WT/TPR/M/225/Add.1, 19 March 2010).

[43] WTO document WT/ACC/MNG/9, 27 June 1996.

In **Pakistan**, at the time of its first TPR in 1995, under Section 25 of the Customs Act 1969, the customs value of imported goods was the "normal price". Pakistan had not signed the GATT Customs Valuation Code. In January 2000, Pakistan adopted the transaction value method under the CVA. However, a provision for the setting of minimum values remained in force, although it had not been invoked by November 2000. The authorities indicated that this provision would only apply upon authorization by the WTO (i.e. granting of waiver for retention of minimum values). Pakistan invoked Article 20.1 of the CVA to delay its application for a five-year period. In 2000, Pakistan legislated the use of transaction values, followed sequentially by other methods specified under the CVA.[44] Special customs valuation procedures applied to motor vehicles.[45]

In **Papua New Guinea (PNG)**, at the time of its first TPR in 2000, tariffs were levied on the c.i.f. value. PNG did not set any minimum import or reference prices for customs valuation. At the time of its second TPR in 2010, PNG used the transaction value of goods as the primary method of levying tariffs. However, the amended 2006 Customs Act still provided that *ad valorem* duties applied to the higher of the good's "actual money price paid by the importer plus any special deduction" and its "current domestic value" plus all f.o.b. charges paid or ordinarily paid in the port of export. Thus, it was unclear whether customs legislation fully complied with the WTO Agreement.

In the **Philippines**, at the time of its first TPR in 1993, it used the Home Consumption Value System of valuation.[46] To guard against under-invoicing or over-invoicing of imports, the Government hired the services of the Société Générale de Surveillance to inspect goods supplied. The Comprehensive Import Supervision Scheme stipulated PSI on a global basis for all imports of USD 500 or more in value. At the time of its second TPR in 1999, the Philippines had applied the provisions allowing developing countries to delay application of the CVA, including the use of the "transaction value" valuation method and reservations concerning minimum values. On 28 March 1996, the Philippines adopted the use, as an interim measure, of "export value", and authorized a shift to the use of the transaction value method not later than 1 January 2000.[47] The Philippines used minimum import prices through the issuance of published values, which applied to all commercial goods on an MFN basis. In 2001, the Philippines adopted the transaction value as the basis for calculating the dutiable value of imports. If the transaction value could not be determined, substitute methods provided for in the CVA could be used. The Philippines invoked a transition period of three additional years to apply the computed value method and reserved the right to reverse the order of paragraphs 3 and 4 of Annex III. It discontinued PSI on 31 March 2000. However, in case of bulk and break-bulk cargoes a load port survey/discharge port survey is required under the Bulk and Break-Bulk Enhancement Programme, implemented in June 2010.

In **Singapore**, at the time of its first TPR in 1992, customs valuation was based on the Brussels Definition of Value. The value for duty was generally the c.i.f. value. A special valuation procedure was applied to locally-produced and imported petrol.[48] At the time of its third TPR in 2000, under the provisions of the CVA, Singapore invoked delayed application of the CVA. It

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[44] Pakistan notified to the WTO in 2001 that the basis for determining the value for customs' purposes was the transaction value.

[45] Their c.i.f. price was constructed from f.o.b. values supplied by local agents of foreign manufacturers plus the local agent's commission and other incidental charges, freight to Pakistan provided by the shipping lines, insurance (where unavailable at a rate of 1% of the cost and freight value) and landing charges (1% of the c.i.f. value). "Special" provisions enabling the payment of a lump sum specific duty, covering tariffs and other taxes (sales tax, income withholding tax, and capital value added tax) based on engine capacity up to 1,800 cc (Asian makes only) apply to imported used cars. Used non-Asian cars with engine capacities above 1,601 cc and Asian cars with engines above 1,800 cc are taxed normally as for new cars and are levied *ad valorem* tariffs and domestic taxes separately, according to engine capacity.

[46] Several deficiencies were noted in this method: it is administratively cumbersome; it discriminates among importers, penalizing those importing from neighbouring countries; and it makes valuation independent of such features of normal business transactions as quantity discounts, discounts or premiums for payment arrangements, commissions and market fluctuations.

[47] Declared export values are based on the clean report of findings unless there is a higher published value, invoice value or declared value by the importer.

[48] The value for duty of any grade of petrol with a trade name or trademark, whether imported or locally-refined, shall be taken to be the price for that grade with that trade name or trademark prevailing in Singapore at retailers' pumps at the time when customs duty becomes payable.

invoked a transitional period of three additional years to apply the computed value method. It maintained reservations on Articles 3 and 4 of Annex III of the Agreement. At the time of its fifth TPR in 2008, valuation was carried out under the Customs (Valuation) (Amendment) Regulations 2005, under which imports were valued on the basis of their transaction value.

In **Solomon Islands**, at the time of its first TPR in 1998, customs duties were levied on the c.i.f. value of the imported product and the Brussels Definition of Value was used. At the time of its second TPR in 2009, it did not invoke any of the provisions contained in the CVA regarding special and differential treatment. Imports allowed into Solomon Islands without complete information on the customs value could be subject to a surcharge not exceeding 50% of the import duty. At the time of its third TPR in 2016, the Customs Valuation Act 2009, the Customs Valuation (Amendment) Act 2010, and the Customs Valuation Regulations 2010 had been passed to give effect to the CVA. In principle, the primary method of valuation was the transaction value of the imported goods. In practice, reference prices were still applied for a large number of goods.[49]

In **Sri Lanka**, at the time of its first TPR in 1995, its valuation of imports was based on the "true value", defined as the price at which goods are sold or offered for sale at the time and place of importation. Import duties were levied on a c.i.f. basis. In 1995, Sri Lanka invoked CVA provisions to delay its application. Sri Lanka was scheduled to apply these provisions by 1 January 2000; it had requested and been granted several extensions to delay its application. It required additional time to complete the necessary legislation, administrative mechanisms and procedures, train Customs personnel, and modernize Customs. Sri Lanka started applying the CVA on 7 January 2003. Until that date, it used a valuation system based on the Brussels Definition of Value. Sri Lanka continued to apply minimum values on used motor vehicles and motorcycles (HS 87.01-87.04 and 87.11) until 1 March 2005. At the time of its third TPR in 2010, Sri Lanka requested the WTO Committee on Customs Valuation in March 2003 to retain established minimum values on certain products for customs purposes, under the provisions of paragraph 2 of Annex III. Sri Lanka was granted an extension to delay its application of the relevant provisions of the Agreement and to maintain a minimum value system on used motor vehicles and motor cycles classified under HS ex 87.01-87.04 and ex 87.11 until 28 February 2005. In February 2005, it requested a further extension so that it could strengthen enforcement.[50] At the time of its fourth TPR in 2016, with the coming into force of the Customs (Amendment) Act No. 2 of 2003, Sri Lanka started applying the CVA on 7 January 2003. Under the provisions of the Act, the primary method of valuation was the transaction value. If this was not available, the following were used in order of precedence: transaction value of identical goods; transaction value of similar goods; deductive value; computed value; and a fall-back value. The fall-back value implied that when no other methods were suitable, Customs would determine the value by taking into account the above valuation methods and any other relevant information. Additionally, Article 10 of Schedule "E" of the Customs (Amendment) Act No. 2 of 2003 granted the Minister of Finance – with the approval of the Cabinet of Ministers and in the interest of the national economy or for any other reason – the authority to apply minimum values for any goods and for a period to be specified in the Order implementing the measure. As such, Sri Lanka established minimum values on certain products for customs purposes. Minimum values were used for motor vehicles under HS headings 87.02, 87.03, 87.04 and 87.11. The valuation method used was the transaction value method based on an invoice issued by the manufacturer. Vehicles older than three years were not allowed to be imported. As at 27 May 2016, automobile imports were only subject to an excise tax, which ranges from 70% to 290% depending on engine type and size.

In **Chinese Taipei**, at the time of its first TPR in 2006, customs valuation was on the basis of

[49] These included: numerous consumer goods, electrical hardware, vehicles and automotive products, boats and parts thereof, and containers. The authorities indicated that under-invoicing was particularly frequent for equipment imports in the logging industry.

[50] Order No. 1,373/5 of 28 December 2004 under Customs (Amendment) Act, No. 2, extended the use of minimum values for used motor vehicles under HS headings 87.01, 87.02, 87.03, 87.04 and 87.11 for two years starting from 7 January 2005. The valuation method used is based on a "Depreciation Table for the Valuation of Used Motor Vehicles", valid since 15 October 2004. Values were established as a percentage of the f.o.b. value and range from 25% for vehicles more than six years old to 90% for vehicles more than six months old but less than a year old in the case of commercial vehicles, and from 40% to 95% in the case of non-commercial motor vehicles. Minimum prices were still applied for used cars.

c.i.f. value. According to the Customs Act, the customs value of imports was determined primarily on the basis of the transaction value (i.e. the actual price payable or paid for the goods when sold for export). To meet the practical needs for determining the customs value of imported used cars, the Operational Directions for Imported Used Cars Valuation were amended on 17 August 2007 and took effect immediately. In line with relevant provisions of both the CVA and Articles 29-35 of the Customs Act, the valuation methods for used cars were set out in sequential order of application. The term "Model Year of Imported Cars" was redefined to facilitate customs valuation and the "Average Trade-In Price" was replaced by the "Trade-in Price", a change similar to the one made to the U.S. National Automobile Dealers Association Used Car Guide. At the time of its third TPR in 2014, around 99% of all import declarations in 2013 were accepted in accordance with the transaction value method.

At the time of its first TPR in 1991, **Thailand**'s Department of Customs used the notional concept of the "true market value" of the goods on sale in the open market in order to assess the value for duty.[51] At the time of its second TPR in 1995, while customs valuation was generally based on the transaction value, in about 10% of cases, where the declared transaction value was regarded to be inadequate, a "check price" system was used.[52] At the time of its third TPR in 1999, it was noted that legislation to implement the CVA would bring major changes in the operations of Customs, with a shift from pre-clearance inspection procedures to a post clearance verification process; the legislation had not yet been passed by Parliament. At the time of its fourth TPR in 2003, under the new procedures, the Customs Department accepted the declared value shown in the invoice as the transaction value unless they had reason to believe that this was inappropriate. The authorities stated that, the Customs Department no longer applied minimum import prices for customs valuation purposes. At the time of its fifth TPR in 2007, the process of repealing legal provisions allowing the use of reference prices, which the authorities claimed had never been invoked, was still under way. The authorities further amended legislation in October 2003 and 2004, to enhance the implementation of the CVA.[53] Thailand used the c.i.f. price of imports as the basis for customs valuation. Thailand notified its national legislation to the WTO on 17 July 2003. At the time of its sixth TPR in 2011, further reforms to strengthen customs valuation under the CVA were introduced. At the time of its seventh TPR in 2015, valuation took into account information on invoices and other documents, such as country of origin, quantity, composition of value, and description of goods. Customs officials accepted the declared value shown on the invoice as the transaction value, i.e. the export price actually paid or payable for the goods when sold to Thailand, adjusted and meeting prescribed conditions. If the transaction value could not be applied, other methods were used in the following sequence: the transaction value of identical goods and similar goods; the deductive value; the computed value; and a fall-back estimated value. Importers may appeal valuations within 30 days.

Tonga acceded to the WTO with a transitional period until 1 January 2008 to implement the CVA. Part 3 of the Customs Act No. 5 of 2007 establishes the basic rules for customs valuation. According to the Customs Service, the transaction value is used in approximately 90% of all valuation cases.

At the time of its first TPR in 2018, **Vanuatu** adopted the Import Duties (Consolidation) (Amendment) Act of 2013 No. 29 to give effect to the CVA. In principle, the primary method of valuation is the transaction value; and, when necessary, recourse to alternative methods follows the hierarchy set out in the CVA.

At the time of its first TPR in 2013, **Viet Nam** joined the WTO without a transition period to

[51] This was defined as the wholesale cash price (exclusive of duty, taxes, fees, or other such charges levied on imports) for which goods of alike kind and quality are freely sold or offered for sale, without loss, at the time and place of importation, without any deduction or abatement.

[52] The check price system was typically used for designated products (and occasionally for imports from designated countries); criteria for use of this system were based on internal directives from the Director-General of Customs. When the declared value was found to be lower than the check price, the latter would be applied.

[53] The amendments included provisions allowing importers to request consultation, reasons for, and written notification of the method for determining customs value when the transaction value method was inapplicable; revising the definition of "price actually paid or payable"; and adopting the interpretative notes in Annexes I and III of the CVA.

implement the CVA, including the Interpretative Notes (Annex I) to the Agreement. Viet Nam's legislation stipulated the transaction value as the principal method of customs valuation and provided for the alternative valuation methods (including the computed value and deductive methods) and the sequential order of application as laid down in the CVA. In January 2011, the General Department of Customs issued an official letter identifying reference prices for selected imported goods by trading partner. The stated purpose of this tool was to enable comparison with the prices declared by the enterprises to prevent false information and tax evasion.[54]

Box 3

In **Bangladesh**, at the time of its first TPR in 1992, it was reported that a minimum import price was applicable to printing ink. As noted in the second TPR in 2000, minimum import prices applied to some 977 tariff lines at the eight-digit HS level, accounting for 15% of total tariff lines. Upon adoption of the CVA in February 2000, minimum import prices had been virtually phased out. However, at the time of its fifth TPR in 2019, it was noted that, despite the general use of the transaction value, the authorities often pre-set the customs value or minimum value for some items, for the purposes of levying customs duties to tackle under-invoicing; this was mostly done through the issuance of statutory regulatory orders (SROs).[55] The Government was phasing out the use of minimum value for customs valuation purposes, under the proposed new Customs Act, 2018.

At the time of its accession, **Cambodia** was of the view that a move to the transaction value system could pose major risks to government revenue and, therefore, proposed that minimum customs values be phased out gradually.

In **Fiji**, at the time of its second TPR in 2009, the customs value for cinematographic film for hire was fixed at the time of importation at FJD 15,000 for English (and other language films) and FJD 20,000 for Hindi films.

In **India**, at the time of its first TPR in 1993, the Customs Act, 1962, permitted the Government to fix minimum import prices for customs valuation purposes. Such prices had to be notified in the Official Gazette. However, no minimum import prices had been in force since 1979. However, at the time of its third TPR in 2002, minimum import prices were maintained for some defective steel products for human health and safety reasons. At the time of its sixth TPR in 2015, imports of certain goods such as cashew kernel, areca nuts, and marbles were subject to import restrictions depending on their import price. These imports were restricted (i.e. subject to a licence) when the c.i.f. price was lower than the minimum import price.

In **Indonesia**, at the time of its second TPR in 1994, although tariffs were normally levied on the c.i.f. invoice value, check prices were used on some products as minimum values on which to levy tariff duties.

In **Maldives**, at the time of its first TPR in 2003, customs valuation was based on average current market prices, and these were substituted for lower declared invoice values.

In **Pakistan**, at the time of its second TPR in 2002, as of January 2000, while it adopted the transaction value method under the CVA, a provision for the setting of minimum values remained in force; the authorities indicated that this provision would only apply upon authorization by the WTO (i.e. granting of waiver for retention of minimum values).

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[54] The product listed initially covered 13 categories; it was expanded to 20 categories in May 2011. The reference price system subsequently covered: frozen meat and poultry, fresh and frozen fish, edible fresh fruit, wine, beer, sanitation equipment, fabrics, tiles, glass, gas stoves, engines, generators, air conditioners, refrigerators, washing machines, household electrical equipment, power generating sets, mobile phones, all types of motor vehicles, electric bicycles, motorcycles, and iron and steel.

[55] The latest SRO to this effect was issued in 2017 and contains pre-set customs values for 11 HS four-digit product categories (including black tea, sugar, petroleum oils and fuels, and iron alloy and stainless steel products), and minimum values for 143 HS four-digit product categories (including honey, flowers, nuts, olive oil, fish, sugar confectionery, biscuits, juices, waters, beverages, cosmetics, tyres, wood products, woven fabrics, garments, footwear, tiles, tableware, kitchenware, air conditioning machines, ball bearings, batteries, hair accessories, ovens, and furniture and parts), all set in US dollars; several item values differ depending on the origin.

At the time of its second TPR in 1999, the **Philippines** used minimum import prices through the issuance of published values, which applied to all commercial goods on an MFN basis. It is not clear whether the use of minimum import prices has been phased out.

In **Sri Lanka**, at its third TPR in 2010, minimum import prices were applied on imports of used cars; this was apparently terminated on 1 March 2005.

In **Thailand**, at the time of its fourth TPR in 2003, the Customs Department accepted the declared value shown in the invoice as the transaction value unless they had reason to believe that this was inappropriate; in the event that the transaction value cannot be applied, the Department follows other methods in sequential order; that is, transaction value of identical goods, similar goods, deductive value, computed value, and fall-back value method. The authorities stated that, under the new system, the Customs Department no longer applies minimum import prices for customs valuation purposes. This implies that minimum import prices had been used previously.

Box 4

In **Bangladesh**, at the time of its first TPR in 1992, unless specified, PSI of imported goods was not obligatory for private sector importers. In the case of public sector imports above a certain value, PSI by internationally reputed surveyors was obligatory. There were PSI requirements for items such as: milk-based products, edible oils and other food items, to determine radioactivity levels; cement, to certify that the quantity was as declared; and certain second hand or reconditioned machinery to ensure that the machinery had an economically useful life of at least ten years. Subsequently, at the time of its second TPR in 2000, the 1999/2000 budget introduced the mandatory PSI system, which was regarded as a transitional instrument for the full implementation of the transaction value system.[56] At the time of its third TPR in 2006, the following goods were exempt from PSI: duty-free goods and goods imported by government, semi-government, public sector corporations or autonomous organizations; certain specified capital machinery; goods imported by export-oriented industries under bonded warehouse facilities; books, periodicals, and newspapers; and commercial samples. The authorities indicated that there had been allegations of misconduct (under-invoicing, quality and quantity not properly reported etc.) by PSI agencies, and substantial penalties were imposed by the customs authorities on several occasions. According to the authorities, the import cost of PSI was around 1% of the import value of the goods and a PSI phase-out has begun.[57] Bangladesh phased out the previously mandatory PSI system by 31 December 2012, upon the expiry of existing contracts with PSI agencies.[58]

Cambodia discontinued its service contract with a French company, BIVAC International of the Bureau Veritas Group, for PSI services in mid-2009. It notified the WTO in 2010 that it no longer has any laws or regulations in the area of PSI.

In **China**, at the time of its first TPR in 2006, there were no PSI requirements for imports. At

[56] The Government granted contracts to three PSI agencies for different regions of the world. In order to cover the cost of mandatory PSI and other relevant activities, a 1% service charge was levied on the value of imported goods.

[57] At the time of its fourth TPR in 2012, one of the rules guiding PSI in Bangladesh limited the physical examination of shipments by customs to 5% of the total of all shipments, while the rest undergo documentation checks only. Physical inspection of consignments had been reduced from 100% in 1999 to around 10%. Customs agencies depended on PSI performed by four firms: Bureau Veritas, Intertek Testing, Société Générale de Surveillance S.A., and Overseas Merchandise Inspection Company, operating in different countries of origin. The PSI programme was used to verify the description, quantity, classification and valuation of the goods being exported to Bangladesh, and to issue a Clear Report of Findings. It was claimed that the programme improves revenue collection, ensures accurate reporting on the declarations, and reduces cargo clearance time by 1-2 days on average. However, the programme was controversial, with thousands of disputes pending in the courts concerning the classification and valuation of imports. Although PSI is often necessary to provide some assurance on the quality/quantity of the shipment, and thus may promote international trade, it adds to the cost of trading.

[58] However, the provisions of the Import Policy Order, 2015-18 stipulate voluntary PSI requirements for imports including: those valued at BDT 5 million or more; raw and packing materials for the pharmaceutical industry; break acrylic; chemical fertilizers; coal and hard coke; and "terrain" car parts.

the time of its second TPR in 2008, it introduced a PSI requirement, with the revision of the Implementing Regulation of the Law on Import and Export Commodity Inspection; the revised version entered into force on 1 December 2005. Under the Regulation, PSI was required for imports of: certain commodities related to national security, with high-value or complicated technology; equipment exceeding a certain height, length or volume; solid waste used as raw materials; and certain used electronic products that are deemed to affect public health and environment. According to the authorities, the PSI requirement was introduced to, *inter alia*, protect public health, improve the phytosanitary situation, protect the environment, and prevent counterfeit goods from entering China. China designated 23 foreign institutions to conduct PSI and to issue certificates. At the time of its fourth TPR in 2010, China's PSI requirements remained. It is not clear whether it has discontinued its PSI requirements.

In **India**, at the time of its second TPR in 1998, PSI was generally not required. However, in the case of second-hand capital goods, the importer was required to, *inter alia*, furnish to Customs, at the time of the clearance of goods, a certificate from the Chartered Engineers. PSI certificates were, however, required for the import of metal scrap originating from a country affected by rebellion or war. At the time of its fourth TPR in 2007, in October 2004, the Department of Commerce announced that imports of unshredded scrap required PSI and would be permitted only through designated ports; the list of ports was gradually expanded to 26. PSI was also required for imports of certain types of second-hand and defective items of steel, as well as textiles and textile articles. Imports of the former were permitted only through Mumbai, Kolkata and Chennai ports, while imports of the latter had to be accompanied by a PSI certificate stating that they did not contain hazardous dyes prohibited under the Environment (Protection) Act 1986. PSI certificates were provided by 99 recognized certifying agencies, including several based outside India. At the time of its fifth TPR in 2011, PSI for imports of certain goods had been mandatory since 2004. Goods subject to PSI included unshredded metallic waste and scrap (since 2004), and shredded metallic waste and scrap (since 2009). Imports of the former were permitted through 26 designated ports. Inspections were intended to ensure that consignments were free of arms, explosives, and radioactive contaminated materials. PSI certificates were issued by accredited certifying agencies located inside and outside India. Imports of certain types of second hand and defective steel products, as well as textiles and clothing articles were subject to PSI on safety and health grounds. At the time of its sixth TPR in 2015, it was stated that since 2011, there had been no change in India's PSI requirements for its imports.

In **Indonesia**, at the time of its second TPR in 1994, most imports, i.e. goods above USD 5,000, were subject to compulsory PSI in the exporting country by the government-appointed surveyor, PT Surveyor. The main exceptions were crude oil, precious stones, and jewellery. PSI was introduced in 1 May 1985, when the Department of Customs was relieved of most of its inspection duties. The dutiable value of goods subject to PSI was that shown on the Surveyor's Inspection Report, which was final and binding on all parties. PSI was seen by Indonesian authorities as a means of preventing duty evasion through under-invoicing. During the review period of its third TPR in 1998, the Government decided to gradually transfer customs administration back to the Customs Services. This decision followed 12 years of operation of a PSI system run by the Swiss inspection firm, Société Générale de Surveillance (SGS). In 1995, SGS handed over the task of PSI to PT Surveyor Indonesia for imported goods. The contracts with SGS and PT Surveyor Indonesia were terminated by the Government on 31 March 1997. The transfer of responsibility was based on a new Customs and Excise Law, adopted in 1995. The Law basically transformed the system from preshipment to arrival inspection, self-assessment and post-clearance. Customs Law No. 10/1995 authorized customs officers to undertake the selective inspection of imports on arrival, to conduct post-audits on import documents and to assess customs duties. At the time of its fourth TPR in 2003, responsibility for customs administration was fully transferred from PSI firms (SGS and PT Surveyor Indonesia) back to the Directorate General of Customs and Excise in 1997. At the time of its fifth TPR in 2007, under Law No. 10/1995, which became effective 1 April 1997, a post entry audit system replaced the PSI that was required under the 1985 Presidential Decree.

However, at the time of its sixth TPR in 2013, various goods required PSI by surveyors who were approved by the authorities.[59] Most of these imported goods were subject to import licensing requirements, and some were also subject to restrictions at ports of entry.

In **Pakistan**, at the time of its second TPR in 2002, rice was subject to PSI requirements (since 1999). At the time of its third TPR in 2008, Pakistan had PSI requirements on some imports of second-hand goods (e.g. plant, machinery, equipment, and apparatus) by an authorized agency to certify age and workability, mainly for health and safety reasons. At the time of its fourth TPR in 2015, Pakistan also had PSI requirements on oil, gas, wheat and specific vehicles, to certify age and workability, mainly for health and safety reasons.

In the **Philippines**, at the time of its first TPR in 1993, PSI requirements initially applied to imports coming from ten sources. With effect from 16 March 1992, imports were subject to inspection by the SGS. The minimum value of shipments that require SGS inspection was USD 500. At the time of its second TPR in 1999, the Philippines continued to employ the Comprehensive Import Supervision Scheme (CISS) involving the PSI of imports in the country of supply. The CISS included the physical inspection of goods against shipping documents, assessment and reporting of dutiable values, and issuance of the clean report of findings (CRF) required for customs clearance. The authorities noted that only 1.5% of dutiable shipments were either refused a CRF or found to contain problems of classification or valuation in the previous five years. All imports appeared to receive the same CISS treatment regardless of country of origin. The latest amendment was made in March 1998 to implement the Selective Preshipment Inspection Advance Clearance System, which introduced self-assessment to determine whether physical PSI was required. The Philippines discontinued PSI on 31 March 2000. However, in case of bulk and break-bulk cargoes, a load port survey/discharge port survey was required under the Bulk and Break-Bulk Enhancement Programme implemented as from June 2010. At the time of its fifth TPR in 2018, PSI was mandatory for all bulk or break-bulk cargo.

In **Papua New Guinea**, at the time of its first TPR in 2000, the Government instituted a PSI system in 1997 on imports (and exports). The declared values and classifications of imports were checked, including physical inspection of goods in the foreign port of export and upon importation. These services were supplied by a private contractor, SGS. At the time of its second TPR in 2010, PNG no longer required PSI of imports.

Box 5

In **Australia**, at the time of its first TPR in 1989, tariff quotas were applied to some products including textiles, clothing, footwear[60], and cheese and curd[61]. It would appear that by the time of its third TPR in 1998, Australia had tariffied all of its import quotas on cheese. Until April 1988, the passenger motor vehicles industry had also been protected by tariff quotas. According to the authorities, no imports had entered at the above-quota rate since 1990/91. At the time of its seventh TPR in 2015, tariff quotas involving specific rates applied to most types of cheese and curd imports; the tariff quota on unmanufactured tobacco had never been implemented as the customs duty rate for this item was set at zero.

Bangladesh has not used tariff quotas. Regarding import quotas, at the time of its second TPR in 2000, it would appear that there were no fixed global quantitative restrictions on imports. However, the system of non-automatic import clearance implicitly placed ceilings on imports of the products covered. In February 2006, the authorities indicated that only the second-hand clothing quota was in force.

[59] These goods were: (i) sugar; (ii) rice; (iii) salt; (iv) precursors; (v) optical discs (empty and filled), and machines and materials used to produce them; (vi) textiles and textile products; (vii) ozone-depleting substances; (viii) nitro cellulose; (ix) hazardous materials; (x) colour multifunctional machines, colour photocopying and printing machines; (xi) non-hazardous and toxic waste; (xii) used capital goods; (xiii) iron and steel; (xiv) certain imports of electronics, ready-to-wear clothes, children's toys, footwear, and food and beverages; (xv) ceramics; (xvi) sheet glass; (xvii) tyres; (xviii) pearls; and (xix) horticulture products.

[60] The tariff quotas on imports of footwear and clothing from New Zealand were removed in 1989; as at March 1990, tariff quotas did not apply to any imports from New Zealand.

[61] Imports of cheese and curd from New Zealand and Pacific Islands Forum members were not subject to tariff quotas.

In **Brunei Darussalam**, at the time of its first TPR in 2001, it would appear that there were import quotas on poultry and beef, which were subject to import licensing requirements. It is not clear whether the licensing requirements still remain.

In **China**, import quotas were discontinued at the end of 2004. Reflecting its commitments at the time of its accession to the WTO, most import quotas had been converted into tariff quotas. At the time of its first TPR in 2006, 55 tariff lines were subject to tariff quotas, including in HS Chapters 10 (wheat and meslin, maize, rice), 11 (cereal flours other than wheat and meslin, cereal groats), 15 (soybean oil, palm oil, rape, and mustard oil), 17 (cane or beet sugar), 31 (mineral chemical fertilizers), 51 (wool, carded or combed), and 52 (cotton). At the time of its seventh TPR in 2018, tariff quotas applied to 47 tariff lines. All in-quota rates were *ad valorem*.[62] Fill rates for China's tariff quotas varied strongly by product.

At the time of its third TPR in 2002, **India** indicated that it maintained tariff quotas on imports of: milk powder; maize; crude sunflower-seed and safflower oil; and refined rape, colza, and mustard oil. At the time of its sixth TPR in 2015, India scheduled tariff quotas on five lines at the HS six-digit level. These were equivalent to 12 tariff lines at the eight-digit level. India also maintains bilateral tariff quotas under its regional trade agreements. It continued to apply import quotas on marble and similar stones and sandalwood.

In **Indonesia**, which never used tariff quotas, at the time of its first TPR in 1991, the legal basis for import quotas was contained in a series of decrees issued by the Minister of Trade between 1982 and 1985. However, publicly accessible information on licensed goods subject to quantitative restrictions and the corresponding quota levels was not readily available. The known import quotas included a global quota on batik imports with a view to preserving and protecting Indonesian culture. Imports of certain steel products and trucks were also restricted by a global import quota. It would appear that these quotas were lifted before the time of the second TPR of Indonesia in 1994.

In **Japan**, at the time of its first TPR in 1990, the removal of several import quotas was accompanied by increases in tariff rates or the introduction of tariff quotas. In 1986, it eliminated quantitative restrictions on four leather and leather footwear products (CCCN 4-digit items), reducing the number of products under quantitative import restrictions to 76. In July 1988, the Government decided to terminate quantitative import restrictions on: (i) prepared or preserved beef in stages over the period October 1988 to April 1990; (ii) fresh oranges and beef on 1 April 1991; and (iii) orange juice on 1 April 1992. In September 1988, the Government announced that quantitative restrictions on seven agricultural products would be terminated during the period October 1988 to 1 April 1990. On 1 April 1991, import quotas were abolished for oranges and tangerines (fresh, or provisionally preserved), as well as fresh and frozen meat of bovine animals. In the case of bovine meats, import quotas were replaced by a tariff of 70%, to be reduced uniformly to 50% over two years. Japan terminated import quotas for orange juice and, following the completion of the Eighth Coal Plan, for coal on 31 March 1992. As a result of the UR, import quotas on agricultural products, except rice, were all converted into tariff quotas in connection with the WTO Agreement on Agriculture by the time of Japan's fourth TPR in 1998. However, import quotas remained on, *inter alia,* certain fish products and controlled substances listed in the Montreal Protocol on Substances that Deplete the Ozone Layer.[63] Tariff quotas were applied to imports of 13 products, mostly agricultural commodities. Among them, tariff quotas on leather and leather footwear were introduced in 1986, replacing import quotas.[64] At the time of its 13th TPR in 2017, 158 tariff lines (1.7%) were

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[62] Thus, China's tariff quotas may be called "tariff rate quotas".

[63] Import quotas on fishery products, a sector not included in the UR agricultural negotiations, have remained.

[64] Other recent introductions of tariff quotas was on high-test molasses and molasses for manufacturing alcohol (1987), food preparations containing cocoa for manufacturing chocolate (1988), certain maize (1989), tomato puree and tomato paste for manufacturing tomato ketchup etc (1989), and pineapple in airtight containers (1990). The products subject to tariff quotas were live bovine animals intended to be raised for beef; natural cheese intended for use as materials for processed cheese; oats; maize; malt; high-test molasses intended for manufacturing alcohol; food preparations containing cocoa for manufacturing chocolate; tomato puree and tomato paste for manufacturing tomato ketchup and other tomato sauces; pineapple in airtight

subject to MFN out-of-quota tariffs, of which 11 were under state trading. The out-of-quota rates for 38 tariff lines were *ad valorem*. The average rates differed considerably: in-quota rates averaged 18.4%, while out-of-quota rates averaged 76.3%. The quota allocation method and process remained somewhat intricate. Since 2014, procedures for the allocation of tariff quotas had remained unchanged.

In the **Republic of Korea**, at the time of its first TPR in 1992, tariff quotas applied to items under 74 four-digit HS lines, affecting approximately 1% of all imported products. In 1995, it introduced tariff quotas on 67 groups of agricultural products with a view to complying with its commitments to tariffy quantitative import restrictions under the WTO Agreement on Agriculture and incorporating the phase-out of restraints previously maintained on balance-of-payments grounds. At the time of its seventh TPR in 2016, the Republic of Korea applied tariff quotas on 227 ten-digit tariff items (including rice as from 2015) in 2015 and 2016 compared with 187 (excluding rice) in 2011.

On 1 April 2008, **Malaysia** started applying tariff quotas on 18 products with a view to meeting the requests of small domestic producers. As a result, these items, whose tariff rates used to range from 0% to 5%, became subject to in-quota rates ranging from 0% to 25% and out-of-quota rates ranging from 20% to 90%. At the time of its fifth TPR in 2010, the authorities maintained that they had suspended the implementation of tariff quotas, which was part of Malaysia's tariff concessions during the UR, until March 2008. In response to requests by small domestic producers, Malaysia maintained tariff quotas in 2013 for agricultural products including live swine and poultry, poultry and pork meat, liquid milk and cream, and round cabbage. Prior to tariff quota re-activation (as from April 2008), the applied MFN tariff rate for these products was claimed to have been zero. At the time of its seventh TPR in 2018, Malaysia applied nine tariff quotas affecting 27 tariff lines at the HS ten-digit level. The type of products was the same as in 2013, although the number of lines increased from 20 to 27, due to a nomenclature change and the splitting of lines.

Maldives never used tariff quotas. However, it has used a few quantitative restrictions. Most had been eliminated by 1 January 1998, except on imports of staple foods, mainly rice, sugar, and wheat flour (70% of the quota was reserved for the public enterprise, the State Trading Organization). By the time of its second TPR in 2009, import quotas on staple foods, mainly rice, sugar, and wheat flour had been eliminated. The only remaining import quotas are on hydrochlorofluorocarbons imports in accordance with commitments under the Montreal Protocol.

At the time of its first TPR in 1990, **New Zealand** maintained tariff quota on wines of an f.o.b value of less than NZD 2 per litre. The quota was apparently removed in July 1990.

Pakistan has never had formal MFN tariff quotas. However, at the time of its third TPR in 2008, it was indicated that quotas on imports of certain goods eligible for tariff exemptions/concessions operated effectively as tariff quotas. For example, new and used concrete-mixer lorries eligible for the 5% concessionary rate were limited to an all-up quota of 2,500 units, allocated on a "first come first served" basis. There were bilateral tariff quotas on tea, betel nuts, and certain clothing with Sri Lanka, and reportedly on certain textile products with Mauritius under respective FTAs.

The **Philippines**, at the time of its second TPR in 1999, with a view to implementing the UR results, converted all quantitative restrictions on agricultural products, except on rice, into tariffs. Tariff quotas were maintained on agricultural products such as live animals, pork, sheep and goat meat, poultry meat, potatoes, coffee, maize, and sugar. Import quotas applied to rice. Until the end of 1997, the Philippines also maintained tariff quotas for live bovine animals and meat of bovine animals. At the time of its fifth TPR in 2018, the Philippines had tariff quotas covering 80 tariff lines, equivalent to 0.7% of all lines. For 34 tariff lines, the out-of-quota rate was equal to the in-quota rate; there was effectively no tariff quota on these lines. In 2019, quantitative restrictions on rice imports were lifted.[65]

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containers; undenatured ethyl alcohol intended for use in distilling alcohol for making alcoholic beverages; heavy fuel oils and raw oils; and leather and leather footwear.

[65] Viewed at: https://apeda.gov.in/apedawebsite/Announcements/Rice_Tarrification_Philippines.pdf.

In **Samoa**, at the time of its first TPR in 2019, imports of left-hand drive vehicles were subject to a monthly import quota of 100 units (vehicles for private use, pick-up trucks and some special purpose vehicles) for traffic safety reasons (Samoa is a right-hand drive country).

Singapore never used tariff quotas. At the time of its first TPR in 1992, under its import licensing procedures, import quota restrictions were applied to air conditioners not exceeding 9,000 Kcal/h (excluding those for motor vehicles). This import quota was lifted in April 1988. Currently, Singapore does not apply quantitative restrictions on imports.

In **Sri Lanka**, seasonal import quotas on food items, such as potatoes and dried chillies, were removed. In 2003, it notified the WTO that it applies no quantitative restrictions.

Chinese Taipei introduced tariff quotas in 2002 reflecting, *inter alia,* its WTO agricultural market access commitments. At the time of its first TPR in 2006, 129 tariff lines (1.5% of all tariff lines), including 20 agricultural and fishery products (103 tariff lines) and passenger cars and chassis (26 tariff lines) were subject to tariff quotas. Tariff quotas on agricultural products were based on global quotas; those on passenger cars and chassis were based on country-based quotas. Tariff quotas for small vehicles and chassis were abolished in January 2011. At the time of its fourth TPR in 2018, Chinese Taipei continued to apply tariff quotas on 84 agricultural tariff items at the HS eight-digit level or 0.9% of tariff lines.

At the time of its first TPR in 1991, **Thailand** was replacing quantitative restrictions by tariff-based measures. Only two items were subject to import quotas at the end of 1990, and one was liberalized thereafter. At the time of its second TPR in 1995, Thailand's only remaining import quota was imposed on garlic. By the time of its fourth TPR in 2003, it would appear that Thailand had eliminated all import quotas. It then started imposing tariff quotas on 23 agricultural product groups subject to tariffication as a result of its UR commitments. In 2014, tariff-rate quotas covered 1.2% of all tariff lines (at HS eight-digit level), all of which related to 23 agricultural product groups.

Viet Nam established tariff quotas for imports of eggs, sugar, unmanufactured tobacco and tobacco refuse, and salt.

Box 6

At the time of its first TPR in 1989, some sectors in **Australia** had policies that resulted in favourable treatment through concessional duties and bounties (subsidies), if certain local-content requirements were met. These were passenger motor vehicles, tobacco leaf, fruit juices and certain items of machinery. Such local content schemes were to expire in 1995. At the time of its second TPR in 1994, Australia used no local content schemes, at Commonwealth level, that affected manufacturing. The last scheme specifying local content targets affecting manufacturing, in the motor vehicles sector, was removed in 1991. Assistance towards certain primary sectors included incentives encouraging the use of domestic inputs in processing activities. A local leaf content scheme, operated under the Tobacco Industry Stabilization Plan, allowed domestic manufacturers to import leaf at concessional tariff rates, until 30 September 1995. Domestic fruit and vegetable producers benefit from a preferential sales tax arrangement for fruit juice if the juice had a domestic content of at least 25%. At the time of its third TPR in 1998, Australia maintained no export performance requirements. The Local Leaf Content Scheme for Tobacco was discontinued on 1 January 1995.

At the time of its second TPR in 2009, **Fiji** had a local-content scheme requiring foreign investors manufacturing cigarettes to use at least 50% locally grown and processed tobacco. At the time of its third TPR in 2016, some of its investment incentives were tied to minimum local-content or export requirements.[66]

At the time of its first TPR in 1993, a central feature of **India**'s previous industrial policies was

[66] For example, a foreign investor must use at least 75% (up from 50% in 2009) locally grown and processed tobacco in all domestic cigarette production. Tax free factories (TFF) and/or firms located in tax free zones (TFZ) exporting at least 70% of their production also benefited from certain incentives.

the implementation of Phased Manufacturing Programmes (PMPs) as part of its industrial licensing system. PMPs were applied in varying degrees to all major licensed industrial projects, aimed at progressively replacing imported components with local content. These programmes were enforced through the industrial licensing system. Access to imported components at concessional tariff rates was usually provided to firms as an incentive for meeting their local content requirements. PMPs were a major non-tariff barrier that required firms to agree to a list of components that would progressively be produced in-house or by other Indian firms. To implement these arrangements, imports of all materials and components had to be approved by the sponsoring government authority for the industry. These programmes therefore benefitted local component suppliers, normally at the expense of user industries; they were replaced by new projects after 24 July 1991. Only existing projects as at that date continued to be subject to these requirements. Concessional import duties on imports by motor vehicle manufacturers meeting their prescribed PMP requirements were terminated from March 1993 when industrial licensing was removed. Several schemes, such as the Duty Exemption Scheme and arrangements for 100% export-oriented units and units located in export processing zones, which were designed to assist manufacturers, especially exporters, required recipients to meet prescribed levels of domestic value added in order to receive benefits. Such arrangements implicitly contained local content requirements. This was especially the case since 1 April 1993 when value added for the purposes of these schemes was redefined to include domestically-sourced inputs, while excluding imported inputs. At the time of its second TPR in 1998, local-content requirements such as the PMPs were discontinued. However, a new requirement was that investors in the automobile sector needed to sign memoranda of understanding (MOUs) with the Directorate General of Foreign Trade; one of the requirements of such MOUs was to increase indigenization of production. At the time of its sixth TPR in 2015, the Jawaharlal Nehru National Solar Mission (JNNSM) was established in 2010 and aimed to accelerate the development of solar capacity in India's energy mix by providing subsidies and customs duty exemptions for capital equipment. The JNNSM further required that in order to avail of the subsidies all solar projects should use cells and modules manufactured in India, and 30% local content was required for plants or installations for a solar thermal project.

At the time of its first TPR in 1991, the Government of **Indonesia** assisted domestic manufacturers of certain components by imposing several local content schemes on domestic assemblers. No new local content schemes had been introduced since 1986, but many existing schemes were modified or had their lives extended for a number of years. At the time of its second TPR in 1994, Indonesia continued to operate several local content schemes by means of "deletion lists", constructed by the Ministry of Industry for each assembler and reviewed bi-annually, and which specified those components that could be imported. Goods not on a Master List had to be sourced locally. Increased local content was generally introduced over time through deletion lists requiring increasing levels of local content. At the time of its third TPR in 1998, under the 1993 local-content scheme for motor vehicles, import duties on certain parts and accessories of motor vehicles varied inversely with local content (duties were imposed at rates of 0, 10, 15, 20, 25, 35, 50 and 65% depending on the category of motor vehicle and local content). In a further move to support local content, the Government introduced a National Car Programme in 1996, aimed at producing a fully locally made automobile in a relatively short period. At the time of its fourth TPR in 2003, apart from local-content requirements in connection with government procurement contracts, no other requirements of this type seemed to be in force. Indonesia eliminated all local-content requirements notified under the WTO Agreement on Trade-Related Investment Measures (TRIMs) ahead of schedule (end of the five-year transition period set on 1 January 2000); these consisted of requirements on fresh milk and cream (1998), utility boiler equipment (1998), and soybean cake (1996). Furthermore, in accordance with IMF and WTO obligations, in connection with its substantial lowering of tariff rates in all market segments by mid-1999, Indonesia eliminated the extensive tariff and tax incentives for local content for the automotive sector.

At the time of the first TPR in 1992, **the Republic of Korea** had in place a "localization programme" to encourage domestic production of certain imported commodities. At the time of its third TPR in 2000, the Republic of Korea's local-content requirement for subsidizing the purchase of domestic-made tractors of less than 50 HP was abolished at end-1995.

At the time of its first TPR in 1993, the Government of **Malaysia** encouraged the use of local materials in domestic production and the use of local content was taken into account in the granting of investment incentives such as Pioneer Status and Investment Tax Allowance. There was also a local content programme for motor vehicles. The programme was announced for passenger and commercial vehicles in 1991, for implementation over a five-year period from 1 January 1992. Under the programme, locally assembled vehicles with an engine capacity of up to 2,000 c.c. were to achieve a local content of up to 60%: the target for vehicles with an engine capacity between 2,000 and 3,000 c.c, as well as for light commercial vehicles, is 45%. The rationale for the programme was to achieve an upgrading of engineering and technical skills in the domestic component-parts industry, with a view to achieving international competitiveness. At the time of its second TPR in 1997, the Government encouraged the use of local materials in the manufacturing sector and the use of local content was taken into account in the granting of investment incentives provided by the Government". There was a local-content programme for motor vehicles which was encouraged through administrative measures. At the time of its third TPR in 2001, Malaysia continued to implement a local-content requirement policy on motor vehicles, as a condition for establishing a new industry as well as for existing industry; on 1 January 2000, it eliminated other local-content requirements tied to investment incentives. At the time of its fourth TPR in 2006, Malaysia phased out all TRIMs at the end of 2003; it also phased out local-content requirements, which were linked to investment incentives. The local-materials content policy for the automotive industry was phased out at the end of 2003. There was no specific legislation or regulation on local content. At the time of its sixth TPR in 2014, promotion measures in Malaysia remained in place for export processing zones, involving local-content requirements since 2011. Effective 1 January 2011, FIZ companies benefited from import duty exemptions if they achieved 40% of local content value; when the local content value did not reach 40%, consideration may be given if the FIZ/LMW companies could prove that the non-originating raw material to the end products produced had undergone substantive transformation process through a set mechanism.

In **Nepal**, at the time of its second TPR in 2018, exports of some agricultural products to destinations other than India qualified for subsidies under the Cash Incentive Scheme for Exports, which was introduced in 2012 with a subsidy rate that depended on the domestic value added: at 2% of the value of the export where the value of domestic content was 30%; and rising to 4% where the value of local content exceeded 80%.

In **New Zealand**, at the time of its first TPR in 1990, certain components for completely knocked down vehicle kit imports had to be entered separately at duty rates intended to protect local manufacturers of parts such as arm rests and door pulls. At the time of its second TPR in 1996, New Zealand had no local-content requirements outside of defence-related purchasing. At the time of its third TPR in 2003, tariff concessions could be granted to importers and manufacturers if they could demonstrate that the domestic content of the locally produced "suitable alternative" product was not less than 25% of its ex-factory cost of production. At the time of its fourth TPR in 2009, the tariff concessions still existed.

In **Pakistan**, at the time of its first TPR in 1995, local content requirements existed in respect of automobiles, electronics, electrical products and engineering items under its August 1987 Indigenization/Deletion Programme. At the time of its second TPR in 2002, having encountered difficulties in eliminating its local content scheme by the date set under the WTO Agreement on TRIMs, Pakistan obtained an extension of the transition period for implementing this commitment. The Indigenization/Deletion Programme continued. Concern had been expressed about the allegedly compulsory nature of the programme in the telecommunications equipment sector as well as the rigidities of sectoral schedules, which did not allow for voluntary increase of local content, and the subsequent rise in tariff preferences conditional upon local content. In the light of the programme's inconsistency with the provisions of the WTO Agreement on TRIMs, in 1995 Pakistan notified it to the WTO Committee on Trade Related Investment Measures. In 1999, Pakistan together with certain other Members requested a seven-year extension of the time-limit (January 2000) for the elimination of its TRIMs programme; it also suggested that the TRIMs provisions be revised in order to allow developing countries to maintain local-content schemes depending on their developmental needs. In July 2001, Pakistan was granted an extension of its transition period until end December 2001; subsequently, it requested an additional extension period. At the time of its third TPR in 2008, several excise tax concessions favoured local content. Aerated waters made wholly from indigenous juices of fruits, vegetables, and food grains that contained no other local or imported ingredient (except sugar, colouring materials, preservatives or additives) were taxed at 10% of the retail price instead of 12%. Non-aerated beverage concentrates used to make non-aerated waters wholly from the same ingredients were exempt from the 50% excise tax. Crude vegetable oil (excluding cooking oil) obtained from locally grown seeds was exempt from the 15% excise tax.

In the **Philippines**, at the time of its first TPR in 1993, participants in the Government's Car Development Program (CDP) were required to achieve a local content requirement of 40%, as well as obtaining a minimum of 50% of their foreign exchange through exports. At the time of its second TPR in 1999, the Philippines notified the WTO Committee on TRIMs of local-content and foreign-exchange requirements under the CDP, the Commercial Vehicle Development Programme, and the Motorcycle Development Programme, as well as local-content requirements for coconut-based chemicals. Participants in the CDP were subject to a local-content requirement of 40%; participants in the Commercial Vehicle Development Program had to fulfil at least 45% local content, depending on the type of commercial vehicle; motorcycle assemblers had to comply with 45% local content; and three-wheelers assemblers had to achieve a 35% local content. Participants in these programmes had to also obtain foreign exchange through exports at prescribed rates depending on the type of CKD vehicle being imported; the rates ranged from 5% to 75% of exports. All local soap and detergent manufacturers were required to use at least 60% locally produced coco-chemical surfactant. At the time of its third TPR in 2005, the local content and foreign exchange balancing requirements under the CDP, Commercial Vehicle Development Programme, and the Motorcycle Development Programme were eliminated by 30 June 2003. The requirement for soap and detergent manufacturers to use at least 60% of locally produced input (coco-chemical surfactant) was eliminated in 2000. Pharmaceutical firms were required to purchase semi-synthetic antibiotics from a specific local company, unless they could show that imports were at least 20% cheaper. At the time of its fourth TPR in 2012, in 2007, the Philippines introduced mandatory incorporation of locally sourced biofuel into gasoline and diesel. Executive Order No. 776 of 1982 allowed the importation of semi-synthetic antibiotics only in quantities and types not produced in the Philippines. It was no longer implemented, since the local company Chemfields was closed in the mid-1990s; there was no local manufacturer of semi-synthetic antibiotics. At the time of its fifth TPR in 2018, local content requirements were applied to bioethanol: production must first exhaust domestic feedstock sources before using any imported equivalent.

In **Tonga**, during the WTO accession negotiations, some Members found provisions in the Industrial Development Incentives Act 1978 which, in their view, implied import substitution, export performance or local-content criteria constituting TRIMs. Tonga repealed the Industrial Development Incentives Act in 2007.

In **Viet Nam**, at the time of its first TPR in 2013, Decision No. 718/2001/QD-BKH of the Minister of Planning and Investment linked investment incentives to local content and export-performance requirements for certain industrial products, e.g. automobiles, motorcycles, construction steel, NPK fertilizer, PVC plastics. The export-ratio requirement was eliminated in 2003, and import-duty preferences linked to local content were removed for motorcycle assembly plants in the same year. For mechanical/electric/electronic industries, the local-content requirements were terminated with effect from 1 October 2006.

Box 7

In **Bangladesh**, at the time of its first TPR in 1992, there was an export tax on wet-blue leather, at 15%. At the time of its second and third TPRs in 2000 and 2006, respectively, exports were apparently not subject to any taxes, charges or levies. Nonetheless, in 2010/11, export taxes were applied to tobacco and tobacco products, cotton waste, and ceramic building bricks in order to discourage their production. According to the authorities, brick production was not environmentally friendly and tobacco production occupied land needed for essential crops. Duty on the export of cotton waste was intended to encourage the use of cotton waste in Bangladesh. At the time of its fifth TPR in 2019, export taxes were on tobacco and tobacco products, cotton waste, ceramic building bricks, unwrought lead and rice bran. The reason for applying the export taxes was to discourage production of these products.

In **Cambodia**, at the time of its first TPR in 2011, a number of goods were subject to export taxes. These included: natural rubber; uncut (unprocessed) precious stones; processed wood; and fish and crustaceans, molluscs and other aquatic products. Cambodia levied export taxes on certain unprocessed raw materials and products to encourage local processing, encourage exports of finished products, and protect human health. Cambodia's export duties were applied on an MFN basis (hence its ASEAN partners were not exempt from these taxes). Export taxes accounted for approximately 2% of the customs revenue collected by Customs in 2000. At the time of its second TPR in 2017, Cambodia levied export taxes on certain products including: timber, primary processed rubber, uncut precious stones, and fish and crustaceans, molluscs and other aquatic products. Export taxes accounted for less than 1% of customs revenue in 2016.

In **China**, the number of tariff lines subject to export taxes has been increasing since 2003. At the time of its first TPR in 2006 (since 2003) export taxes were applied to 37 tariff lines, including metals, benzene, and eel. In 2007, statutory export taxes applied to 88 tariff lines at the HS 8-digit level, including metals, phosphorous, benzene, and eel; 64 of these lines were subject to lower interim export duties. In the same year, interim export duties applied to an additional 110 lines at the HS 8-digit level, which were not subject to statutory export taxes. In 2017, 102 tariff lines (at the eight-digit level) were subject to statutory export duties, while 179 tariff lines carried interim duties, down from 314 in 2015. The reduction in the number of tariff lines subject to export duties was partially due to the implementation of WTO dispute settlement decisions.

In **Fiji**, at the time of its first TPR in 1997, sugar and gold exports were both subject to export taxes. Customs revenue from export taxes in 1995 was about 3.5% of total customs revenue. At the time of its second TPR in 2009, export taxes applied to gold, silver, sugar, and molasses, and, following the 2009 Budget, unprocessed timber to promote domestic value added. Government policy was to ensure that the export tax and royalty rate on any metallic mineral does not exceed 5% f.o.b.; the export tax component was retained by the Government and not transferred to landowners. At the time of its third TPR in 2016, export taxes were provided for in accordance with the Customs Act and the Customs Tariff Act. They were applied to 16 tariff lines (0.3% of total tariff lines) at a rate of 3%: cane or beet sugar and chemically pure sucrose, in solid form (5 lines); molasses resulting from the extraction or refining of sugar (2 lines); silver, unwrought or in semi-manufactured forms or in powder forms (3 lines); base metals clad with silver, not further worked than semi-manufactured (1 line); gold, unwrought or in semi-manufactured forms or in powder forms (4 lines); and base metals or silver, clad with gold, not further worked than semi-manufactured (1 line).

In **India**, at the time of its first TPR in 1993, export taxes were applied on goat, sheep and bovine leather. At the time of its second TPR in 1998, snake skins, some lamb skins and other hides and leathers, and certain wool and leather products were subject to export taxes. Revenues from export taxes were estimated at some 0.1% of total 1997/98 budget revenues. Export taxes did not discriminate between the export destination of the products. At the time of its third TPR in 2002, hides, skins, and leathers, tanned and untanned (not including manufactures of leather) were subject to export taxes. The export tax rate on these products was raised from 15% to 60% in 2000. The export taxes were maintained to ensure export of high value-added leather goods. At the time of its fourth TPR in 2007, tanned and untanned hides, skins and leathers (except manufactures of leather) were subject to export taxes. Export taxes were used as a policy instrument to, *inter alia*, ensure domestic supply of raw materials for higher value-added industries, promote further processing of natural resources, ensure an "adequate" domestic price, and preserve natural resources. Export taxes for iron ores and concentrates (including iron ore fines), chromium ores and concentrates, and products of iron and steel (including ferrous waste and scrap, flat rolled products, and tubes and pipes) were introduced in 2009. Export taxes were sometimes used with other measures to attain short term goals.[67] An export cess was collected for the development of a specific industry: shellac and lac-based products, manganese ore, chrome ore, mica products, and iron ore. At the time of its sixth TPR in 2015, export taxes applied to bauxite, ilmenite, certain hides, skins and leathers, iron ore pellets, and ferrous waste and scrap. Export cesses were collected for development of a specific industry: certain spices, shellac and lac-based products, tobacco, manganese ore, chrome ore, mica products, and iron ore.

In **Indonesia**, at the time of its first TPR in 1991, it operated a comprehensive system of export taxes. Products subject to export taxes included: wood products; pepper; palm nuts;

[67] For example, in April 2010, India introduced export licensing/export authorization registration certificates (EARCs) for raw cotton and cotton waste in addition to export taxes for six months to ensure an adequate domestic supply and to contain an increase in the price of cotton in the domestic market.

tengkawang seeds; chinchona bark; natural cork; aluminium waste and scrap; and most treated animal hides and skins. Check prices determined periodically by the Ministry of Trade were used for some products to determine the amount of tax. At the time of its second TPR in 1994, export taxes were applied on forestry, agricultural and mining products including light pepper, chinchona bark, hides and skins, sand and aluminium waste and scrap. The export taxes were aimed principally at ensuring adequate supplies for domestic requirements and to promote domestic processing. At the time of its third TPR in 1998, prior to the currency crisis, export taxes affected about 80 products, covering a wide range of forest products (notably logs, sawn timber and rattan), agricultural products (crude palm oil and coconut oil), and mining and metal products (ores and concentrates of copper, lead, tin and platinum, aluminium waste, etc.). At the time of its fourth TPR in 2003, between 1999 and February 2001, the number of products subject to export tax was reduced slightly from 12 nine-digit HS96 items to four groups of commodities (i.e. rattan, wood, minerals, sand, and palm oil). At the time of its fifth TPR in 2007 in 1998, Indonesia cut export tariffs on 34 commodities and revamped procedures for export tax payments. It reduced export taxes by 20% at end 1998 and another 25% at end 2000. These moves were intended to bolster exports and increase Indonesia's foreign-exchange reserves. They covered paper pulp, wood chips, veneer, railroad sleepers, rattan, logs, sawn timber and natural sand, and the raw materials for producing these products.[68] In 2005, the Government imposed export tariffs on raw skins, white tanned hides and coal. At the time of its sixth TPR in 2013, over the review period, new export taxes were introduced on leather and wood; crude palm oil; raw cocoa; and mineral ore products. The main objective of these measures was to encourage value-added processing within Indonesia. Secondary considerations were to secure domestic supply and to safeguard the environment. Export taxes accounted for an estimated 1.9% of total tax revenue in 2012.

In **Malaysia**, at the time of its first TPR in 1993, exports under 764 tariff lines were subject to export taxes. These included petroleum products, logging, forestry, fish products, manufactures of animal feed, and non-ferrous basic metals, crude palm oil, processed palm oil, palm kernel and crude petroleum. Exports of timber and rubber were subject to a research and development (reforestation) cess. In Sabah and Sarawak, no export duty was collected on forest products; however, these States levied royalties on exports of forest products. Production for the domestic market was not subject to royalty. The royalty was for environmental reasons, to finance reforestation programmes. In 2017, out of 11,690 tariff lines at the HS 10-digit level, 217 lines were subject to export taxes. The authorities stated that export taxes were levied to ensure sufficient supply of raw materials for domestic downstream industries, and for food security purposes.

In **Maldives**, at the time of its first TPR in 2003, ambergris was subject to export taxes. Some royalties paid by foreign investors as part of investment agreements, such as for garments, worked effectively as export taxes as they apply only to exports. At the time of its second TPR in 2009, only ambergris was subject to an export tax; however, this tax was obsolete as there were no ambergris exports from the Maldives. Garment exports continued to be subject to royalties; these royalties were no longer applicable, however, as the garment industry in the Maldives collapsed following expiry of the MFA. Fisheries exports were subject to a 5% royalty, based on weight, which was effectively an export tax. At the time of its third TPR in 2016, ambergris continued to be subject to export taxes. The authorities indicated that the tax was for revenue generation, as ambergris was a high value item. There have been only one shipment of ambergris since 2012. As of 2012, the royalty on fish exports was replaced by the business profit tax.

In **Mongolia**, at the time of its first TPR in 2005, Mongolia applied export taxes on several goods including camel wool, raw cashmere, wood and timber, and some metal products. At the time of its second TPR in 2014, Mongolia applied export taxes on several goods including camel wool, and wood and timber. Mongolia eliminated export taxes on raw cashmere in 2009. It would appear that export taxes on camel wool, wood and timber and some metal products

[68] Export taxes on these goods had been as high as 200% for logs but have now fallen to just 10%. The export tax on rattan fell to 5%. The export tax on crude palm oil, one of Indonesia's largest export products, was cut to 3% (from 10%) in 2001, and in December 2005 the Minister of Agriculture announced plans to reduce the tax further to 1.5%. The rate on crude palm oil by-products (including olein) was cut to 1% (from 6-8%) in 2001.

remain.

In **Myanmar**, at the time of its first TPR in 2014, commercial tax was levied on exports of five commodities including gems, gas, crude oil, teak and conversions, and timber and conversions; according to the authorities, this was to preserve natural resources. In addition, a cess was collected by Customs on behalf of the Ministry of Finance on rubber, cotton, lac and cutch.

In **Nepal**, at the time of its first TPR in 2012, in 2010/11, export taxes were levied on 101 tariff lines at the HS 8-digit level including vegetables, maize, rice, wheat, oil cake, sand and stones, and some wood. According to the authorities, they were levied to protect the environment (discourage environment degradation), ensure food security, and discourage trade diversion to neighbouring countries (such as India). At the time of its second TPR in 2018, about 100 products were subject to export taxes in FY 2017-18 mainly concerning vegetables; maize; rice; wheat; oil cake; sand, stone and pebbles; and some woods.

In **Pakistan**, at the time of its first TPR in 1995, export taxes applied, either for revenue reasons or to serve as a disincentive to export raw materials, to meshta fibres and raw jute, jute manufactures, raw cotton, cotton waste, rice, tea, raw hides and skins, cement, fish, bamboo, raw wool, cotton yarn, grey cloth, wet blue tanned hides and skins, finished leather, oil cakes, molasses, stainless steel scrap, blocks and boulders of onyx marble, crushed bones, live animals, and trophy fur skin and garments made therefrom, etc. A number of products were subject to an export cess; the products included tea, cotton, lac, bones, butter, some cereals, drugs, fibres for brushes, fish, dry and fresh fruits, ghee, raw hides and skins, manures, oilcakes, pulses, certain seeds, spices, tobacco, vegetables, wheat, wheat flour and raw wool. Since 1992, Pakistan has been collecting from all exports a 0.25% export development charge, used for the establishment of training institutions for export-oriented industries, strengthening research and development, and the promotion of exports. At the time of its second TPR in 2002, there were a considerable reduction in the use of these instruments. Despite WTO information suggesting the elimination of export taxes as from July 1999, regulatory duties on exports of crushed bones (10%), uncrushed bones (5%) and raw/wet blue hides and skins (20%) were still in force. At the time of its third TPR in 2008, export taxes were legally prohibited. However, the Central Board of Revenue (reorganized later as the Federal Board of Revenue) could impose "regulatory duties" of up to 100% on exports, by notification without parliamentary approval. Duties of 25% were applied to exported ferrous and non-ferrous waste and scrap in June 2006 and of 35% on pulses in 2006/07, due to domestic shortages; "regulatory" duties also applied at 15% on exports of sugar, 30% on leather goods, 20% on hides and skins and, from the 2007/08 Budget, 25% on specified metals and articles thereof. The authorities indicated that such measures were used to control supply of commodities for local consumption and not to raise revenue or assist domestic users of these goods.

In the **Philippines**, at the time of its second TPR in 1999, export taxes were levied on logs for the purpose of conserving the country's natural resources. In addition to export taxes, a premium duty was occasionally levied on exports of certain wood, mineral, plant, and vegetable products, depending on the prevailing prices of the export products in the world market. At the time of its fifth TPR in 2018, plantation logs were subject to an export tax. No data was available on annual income from this tax.

At the time of its first TPR in 2000, **Papua New Guinea** imposed export taxes, principally for revenue purposes, on sea cucumbers, mineral ores and concentrates, crocodile skins, unprocessed rattan (cane), round logs, Sandalwood, and bêche de mer. At the time of its third TPR in 2019, PNG applied export taxes on crocodile skins, jewellery and articles of gold or silver, and certain ores and concentrates, unprocessed old growth logs (except plantation logs).

In **Solomon Islands**, at the time of its first TPR in 1998, it imposed export taxes, principally for revenue purposes, on a large number of items including fish, vegetables, plants, timber, and minerals. At the time of its second TPR in 2009, export taxes were levied mainly on fish, minerals, and timber. Although export taxes discourage the production and trade of the dutiable products, given Solomon Islands' limited institutional capacity they provided a short-run means to capture economic rents from natural-resource exports. At the time of its third TPR in 2016, various goods were subject to export taxes. Fiscal income from export taxes remained important for Solomon Islands. It amounted to SI$562.7 million in 2015 or 15.8% of total fiscal revenue (of which SI$548.1 million was export duties on logs), up from SI$170.4 million in 2009.

In **Sri Lanka**, at the time of its first TPR in 1995, exports of a number of natural resource-based products as well as some steel items were subject to royalties, duties or cesses. The taxes on exports of silica quartz and certain hides and skins appeared not only intended to raise revenue, but to lower input prices for, and thus promote, downstream processing activities. At the time of its third TPR in 2010, export taxes were levied on value-added vein quartz and raw vein quartz. These duties replaced the system of minimum prices of USD 300 per tonne, applied previously, and reported in the previous Review. An export cess was levied on cashew nuts, raw hides, and metal scrap. The stated objective of these charges varies according to the product, ranging from: discouraging exports in raw form (cashew nuts); ensuring local supplies for manufacture and encouraging export of high-value-added products (raw hides); and ensuring continuous supply for the local industry at competitive prices (metal scrap). At the time of its fourth TPR in 2016, export duties were levied on cashew nuts (fresh and in shells), raw vein quartz and semi-finished products of iron or non-alloy steel. Export cesses were levied on a number of products including, *inter alia*: tea, rubber, coconuts, pepper, vanilla, cinnamon, rice, maize, granite, graphite, quartz, wood and metal scrap.

In **Thailand**, at the time of its first TPR in 1991, export taxes applied to certain hides of bovine animals, certain types of wood and sawnwood, and raw silk (not thrown), silk yarn and yarn spun from waste of silk and noil yarn. Since 1990, Thailand imposed a surcharge on exports of ball bearings to the European Union for the purpose of preventing countervailing duties by the EU. By the time of its third TPR in 1999, Thailand terminated the export surcharge on ball bearings to the European Union. The persistence of relatively high statutory export taxes left an element of uncertainty in Thailand's trade regime, as statutory export taxes on important products such as rice or rubber could in principle be reintroduced without the need for legislative approval. At the time of its sixth TPR in 2015, in January 2011, specific export duties were levied on certain by-products of animal hides, while certain wood and sawn wood products were subject to *ad valorem* export duties.

In **Vanuatu**, at the time of its first TPR in 2018, an export duty applied on wood in the rough or roughly squared. Fiscal income derived from export duties amounted to VT 21.5 million in 2017.

In **Viet Nam**, at the time of its first TPR in 2013, it levied export duties on certain products, mostly metals, raw hides and skins, and wood products. In the context of WTO accession, Viet Nam agreed to reduce export duties on scrap metal from 35-45% to 17-22% over a five-year period. Viet Nam levied royalties on natural resources, such as basic metals and minerals, timber, water, crude oil, and natural gas used in domestic production or exported. The Standing Committee of the National Assembly established minimum and maximum rates for each product, and the applied royalty rate was required to remain within the set band.

Box 8

In **Australia**, at the time of its fifth TPR in 2007, export quotas were maintained on merino sheep, set limits at no more than 800 rams, with an additional 100 stud rams placed on an export donor register (for trade in genetic material).

In **Bangladesh**, export quotas on garments continued until end-2004.

In **Cambodia**, there has been an export quota on certain wood products. In 1999, Cambodia and the United States concluded a bilateral trade agreement on textiles and apparel, which linked market access (export quotas) to labour standards in Cambodia. The quota on textiles and apparel expired on 1 January 2005

In **China**, under the ATC, exports of textiles and clothing were subject to quantitative restrictions until 1 January 2005. At the time of its first TPR in 2006, China maintained both global export quotas (i.e. applied regardless of destination) on rice, maize, wheat, cotton, and coal[69], and destination-specific quotas. At the time of its second TPR in 2008, global export

[69] Rice, maize, cotton and coal were also subject to state trading.

quotas in China applied to 146 tariff lines at the HS 8-digit level in 2007 (down from 179 lines in 2004). From 1 January 2008, global export quotas were also applied to flours of some grain products. At the time of its forth TPR in 2012, China applied global quotas as well as destination-specific quotas. Destination-specific quotas applied to live cattle, live swine, and fowl to be exported to the Hong Kong and Macao SARs. In 2011, global export quotas applied to 181 lines at the HS 8-digit level, up from 173 lines in 2009; the increase reflected, *inter alia*, the addition in May 2011 of rare earth ferroalloy. In 2013, global export quotas applied to 193 tariff lines at HS 8-digit level, up from 180 in 2011. As of 1 January 2013, China eliminated global export quotas on bauxite, zinc ore/sand, coke, and carborundum. However, these products, with the exception of zinc ore/sand, are still subject to export licensing. On 1 January 2015 China removed the export quotas on rare earth, tungsten and tungsten products, as well as on molybdenum; these products are now subject to export licensing. In 2017, global export quotas applied to 100 tariff lines at HS 8 digit level. While no product have been added to this list since 2015, various products were removed, including talcum lump, magnesia, antimony and products thereof, and indium and products thereof. These goods are now subject to export licences.

In **Fiji**, at the time of its first TPR in 1997, sugar exports benefited from preferential access into the markets of the EU and the United States under export quotas. Fiji also had a bilateral agreement with Malaysia for the shipment of 90,000 tonnes a year, through the end of 1997. Certain types of garments exported to the United States were subject to export quotas.

In **Hong Kong, China**, at the time of its first TPR in 1990, for textiles exports under quota restraints, the restraint limits for each category in each period were apportioned and distributed among qualified companies as textiles export quotas.

In **India**, at the time of its first TPR in 1993, the number of products that could be covered by export quotas was reduced from 1 April 1993. Products that were no longer subject to export quotas included several agricultural and mineral products, such as cotton seed expeller cakes, culled live sheep and goats, calcined magnesium, iodised salt, natural rubber, pyrophyllite, safflower seed and wheat straw. Six products were subject to export quotas, including some cotton and certain grains. At the time of its second TPR in 1998, seven items were subject to export quotas: non durum wheat (for supply to the International Red Cross Society, Peshawar/United Nations World Food Programme) and wheat products; manufactured articles and shavings of shed antlers of sambhar and chital; powder milk (skimmed or full cream/whole) and infant milk food; grain and flour of coarse grains; peacock tail feathers, including handicraft items and articles made thereof; brown sea weeds and certain agarophytes; and sugar. At the time of its third TPR in 2002, export quotas were maintained for: onions; whole and infant milk; pure milk; butter; wheat and wheat products; coarse grains; brown seaweed and certain agarophytes; sandalwood oil; and cotton yarn. Export quotas for sugar, powdered milk, ghee, and peacock tail feathers were removed. At the time of India's fifth TPR in 2011, exports of organic non-basmati rice, certain organic wheat, and certain branded consumer packs of oil were subject to export quotas. At the time of India's sixth TPR in 2015, exports of brown seaweeds, sandalwood oil, milk powder, wheat, edible oil, pulses, and non-basmati rice and wheat products were subject to export quotas. Exports of sugar (by state-trading enterprises) were subject to quota under preferential regimes with the United States and the European Union and exports of stone aggregates to the Maldives were made subject to export quotas on 1 January 2014. On 4 July 2014, quantitative export restrictions on organic sugar were eliminated.

At the time of its first and second TPRs in 1991 and 1994, respectively, **Indonesia** applied export quotas on goods such as rattan mats. As of January 2002, Indonesia regulated exports of certain types of manioc (destined for the EU)), coffee and certain products originating from coffee, textiles and clothing (MFA export quotas), rubber, veneer and plywood or similar laminated wood, and teakwood.

At the time of its first TPR in 1992, **the Republic of Korea** had bilateral export quotas under the Multifibre Arrangement (MFA) with Austria, Canada the European Communities, Finland, Norway and the United States. At the time of its second TPR in 1996, the Republic of Korea had export quotas under the ATC (770 items at the six-digit HS level), products subject to voluntary export restraints (7 items) and items prohibited for export (14 items). In October 1996, the Republic of Korea adopted export quotas under a bilateral agreement with Chinese Taipei on chassis fitted with engines for passenger cars and trucks not exceeding 3.5 tonnes in gross vehicle weight (HS8706). Since at the time of its fourth TPR in 2004, export quotas on sand were allocated based on applicants' production capacity; at the time of its seventh TPR in 2016, the Korean authorities indicated that that no export quotas for these items were operated during the review period.

At the time of its first TPR in 1994, Macau (currently **Macao, China**) had export quotas under the MFA. At the time of its forth TPR in 2013, export quotas under export licensing for textiles and garments were no longer compulsory as the textile export quota regime were abolished.

In **Malaysia**, at the time of its fourth TPR in 2006, rubberwood was subject to an export quota.

At the time of its first TPR in 2012, in **Nepal**, quantitative restrictions are in place for exports of: paddy, rice, wheat, sugar, and items related to grains (lintels, pigeon pa, pulses, soybean, gram, vetch seed, pea). The Ministry of Commerce and Supplies may change the list of items, taking into consideration the supply situation in Nepal. Exporters must obtain permission before exporting any of these goods.

At the time of its first TPR in 1990, in **New Zealand**, voluntary export restraints or export quotas were applied to its agricultural products, including lamb exports to the EEC, for several years. According to the its fifth TPR in 2015, in the case of meat, the New Zealand Meat Board was responsible for allocating export quotas for high quality beef, sheep, and goat meat for the EU market, and for beef and veal for the U.S. market. Exporters of meat products to any market, including quota markets, must be registered under the Meat Board Act 2004. The Meat Board keeps this registry and issues quota certificates for relevant quota markets.

At the time of its first TPR in 1995, in **Pakistan** exports of textiles and clothing to countries with which Pakistan has concluded bilateral restraint agreements under the MFA were governed by the Textile Quota management Policy. At the time of its second TPR in 2002, Pakistan's exports of textiles and clothing products were subject to quotas to varying extents, in the European Union, the United States, and Canada under the ATC. When the Multifibre Arrangement expired at the end of 1994, all quotas maintained under it were carried over into the transitional process of the ATC. The EU carried over 14 quotas with one sub-limit; the United States, one group limit and 35 quotas with one sub-limit; Canada, 11 quotas; and Norway 3 quotas. In the first integration stage, Canada removed quotas on work gloves, affecting Pakistan. As a result of the second stage of product integration, one quota was removed in the United States. In Canada, the quota on tailored collar shirts was removed in July 1997 and in 1998, quotas on products in three additional categories were removed, while the quota on category 2, winter outerwear, was increased by 10%. Norway has removed all three quotas with Pakistan.

At the time of its second TPR in 1999, in **Philippines**, the export quota for sugar was monitored by the Sugar Regulatory Authority. At the time of its third and fourth TPRs in 2005 and 2012, respectively, the Philippines imposed an export quota on any good, taking into account factors such as the domestic demand, the world price, and the preferential treatment granted to Philippine exports by foreign governments. Exports of sugar (and until recently textiles and clothing) were subject to bilateral restraints.

At the time of its first TPR in 1992, in **Singapore**, on the export side, an elaborate system of textile export quota allocation is maintained to give effect to bilateral MFA commitments. The Singapore Trade. Development Board is the national authority in charge of allocating textile export quotas. Seventy-five per cent of the annual quota is allotted to the companies on the basis of their past export performance, and the rest is allocated through tender. Under the tendering process, the quota is awarded to the highest tender, but the successful companies are required to pay the lowest successful tender price.

In **Sri Lanka**, at the time of its first TPR in 1995, Sri Lanka did not apply any export quotas except under the Multifibre Arrangement (MFA). Exports of clothing were restricted under bilateral agreements with the United States, the European Union, Canada and Norway.

At the time of its first TPR in 2006, in **Chinese Taipei**, of 845 items subject to export licensing, 802 related to textiles under export quota restrictions.

At the time of its first TPR in 1991, **Thailand** had export quotas under bilateral agreements on tapioca products to the European Communities, and textiles and clothing exports to several countries. Different procedures for allocating quotas were used for these items. In 1991, a new system of quota allocation was implemented for tapioca products. The quota was allocated on a combination of factors such as bidding, stockpiles and bonus. According to the Government of Thailand, the procedure of quota allocation was so complicated that details of this policy could not be provided. For textiles and clothing, too, a combination of criteria was used for allocating export quotas. A basic quota was allocated on the basis of past performance. A supplementary quota was allocated on a first come first served basis. Holders of a basic quota could apply for supplementary quotas provided they have utilized 50% of their basic quota. Sugar exports to the United States were under quota. According to the second TPR in 1995, export quotas, previously used to implement the voluntary export restraints (VERs) mentioned above, remain in place on tapioca product exports to the EU. Export restraint arrangements on textile and clothing exports, which were part of various bilateral arrangements negotiated under the former MFA, have been "rolled over" into the ATC as the starting point for the ten-year transitional phase-out programme. According to the authorities, quota and monopoly export arrangements for sugar were cancelled in 1994; sugar export quotas are based on supply capacity. The current system of export quota allocations for tapioca products is based on a combination of stockpiles and bonuses. Among the recent changes are the addition of non-EU sales as criteria for allocations. No further details have been provided; according to the authorities the actual system for quota allocations is extremely complicated. For 1994-95 the quota allocation to the EU is 5.25 million tonnes: 3.5 million tonnes are allocated on the basis of stockpiles, 1.5 million tonnes based on past performance and the remainder based on incentive measures. At the time of Thailand's third TPR in 1999, three kinds of textile and clothing export quotas are in place. Thailand has also agreed to an export quota on exports of passenger cars to Chinese Taipei. At the time of Thailand's sixth TPR of 2011, the authorities indicated that the export licensing and quota allocation system applied on exports of automobiles to Chinese Taipei was terminated during the period under review. At the time of Thailand's seventh TPR in 2015, export prohibitions and export quotas continued to be imposed to comply with its international obligations for environmental, public health and intellectual property reasons, or to comply with bilateral agreement provisions.

Box 9

In **Australia**, at the time of its first TPR in 1989, Australia had voluntary export restraints or similar arrangements with New Zealand on imports of dairy products and sheep meat. In the case of dairy products, the memorandum of understanding between the Australian and New Zealand industries on which these restraints were based, was to continue until 30 June 1990. Subsequently, trade in dairy products between the two countries would be permitted as long as they were sold in Australia at a price not lower than the price at which they were sold in New Zealand.

In **Bangladesh**, at the time of its first TPR in 1992, it was a participant in the Multifibre Arrangement (MFA).[70] Under the MFA, Bangladesh maintained bilateral restraint agreements with the United States, the EEC and Canada on trade in textiles. The quota levels were determined at the beginning of the year and allocations to individual exporters were made on the basis of the previous year's performance. At the time of its second TPR in 2000, The Government monitored certain exports of textiles and clothing to Canada and the United States. Until the termination of the transitional process under the ATC at the end of 2004, the authorities monitored certain exports of textiles and clothing to Canada and the United States.

In **Hong Kong, China**, at the time of its third TPR in 1998, apart from restrictions applied under the ATC, there was no evidence of the authorities' being involved in arrangements, unilaterally or with importing countries, aimed at restricting, moderating or otherwise influencing exports from Hong Kong, China.

[70] Until the end of the Uruguay Round, textile and clothing quotas were negotiated bilaterally and governed by the rules of the MFA, which provided for the application of selective quantitative restrictions when surges in imports of particular products caused, or threatened to cause, serious damage to the industry of the importing country. The MFA was a major departure from the principle of non-discrimination.
On 1 January 1995, it was replaced by the Agreement on Textiles and Clothing, which sets out a transitional process for the ultimate removal of these quotas; the Agreement was phased out by end-2004.

In **Japan**, at the time of its first TPR in 1990, over the past three decades, Japan took various measures to restrain exports of certain products to certain markets, especially the United States and the EC. In most cases, the Government took an active part in concluding voluntary restraint arrangements or administering VERs by Japanese industries as a means to avoid trade disputes caused or anticipated by the increase of certain exports in the markets of certain trading partners. Assessing the exact impact of these arrangements was made difficult by their non-transparent nature, and often erroneous differences in opinion over what constituted a voluntary export restraint. At the time of its fourth TPR in 1998, after the conclusion of the Uruguay Round, the European Union "grandfathered" the VER regarding Japan's car exports under the WTO Agreement on Safeguard. Japan also announced that it would eliminate its other remaining VERs within the four-year period, from 1995, allowed under the Agreement for phasing-out grey-area measures. At the time of its fifth TPR in 2000, the authorities indicated that by the end of 1999 Japan had eliminated its only remaining VER, on its car exports to the European Union.[71]

In **the Republic of Korea**, at the time of its first TPR in 1992, the operative VERs were on: steel products (to the United States), silk products (Japan), passenger cars (Chinese Taipei), footwear (Canada, the EC, the United States), knitwear (Japan), flatware (the EC), polyester textiles (Middle-Eastern countries, South East Asian countries, Panama), colour picture tubes (the EC) and microwave ovens (the EC). At the time of its second TPR in 1996, there were export quotas under the ATC (770 items at the HS six-digit level, products subject to VERs (7 items) and items prohibited for export (14 items). It would appear that the Republic of Korea's last VERs were eliminated by the end of 1998.

In **New Zealand**, at the time of its first TPR in 1990, VERs or export quotas were applied to New Zealand exports of agricultural products for several years. As of 1 January 1989, New Zealand had VERs on lamb exports to the EEC. Under the EC butter quota system, there was a VER on exports of butter from New Zealand. Under a memorandum of understanding (MOU) on dairy products annexed to the Australia New Zealand Closer Economic Agreement (ANZCERTA), the growth in New Zealand exports of cheese was related to the growth in the Australian market for cheese. It would appear that this VER was eliminated on 1 July 1990. In the US market, New Zealand's largest market for beef exports, the Meat Act of 1979 had the effect of subjecting New Zealand's beef exports to VERs well above New Zealand's export capacity.

In **Thailand**, at its first TPR in 1991, it had voluntary restraints on exports of tapioca products to the European Communities and certain textiles and clothing items exported to Australia, Canada, European Communities, Finland, Norway, Sweden and the United States, as per bilateral agreements under the MFA. At the time of its second TPR in 1995, the VER on tapioca products was eliminated following tariffication of imports by the European Union. Export restraint arrangements on textile and clothing exports under the MFA were "rolled over" as the starting point for the ten-year transitional phase-out programme.

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[71] At the time of its sixth TPR in 2002, in response to a surge in imports of certain agricultural products, members of the Japan Seed Trade Association decided in 2001 to voluntarily restrain exports of seeds used for Japanese trading corporations' "development and export" schemes abroad; these corporations had been promoting cultivation abroad of agricultural products suited to Japanese consumers' tastes by bringing in seeds from Japan. As a result, Japan's exports of Welsh onion seeds decreased substantially.