

SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT.

ARTICLE 18. TARIFF VALUATION

REPORT OF SPECIAL COMMITTEE.

The Special Committee appointed on 4 June, 1947 submits to the ad hoc sub-committee considering Article 18 of the proposed Charter a revised text for paragraph 2(a) of that Article, as set forth below. This text is based on the Canadian proposal in document W/24; the words in brackets are to be deleted and the underscored words are to be added:

(a)(i) The value for duty purposes of imported merchandise should be based on the actual value of the imported merchandise on which duty is assessed or like merchandise, and should not be based on the value of merchandise of national origin or on arbitrary or fictitious values.

(ii) "Actual value" shall should be based on the price at which, at a time and place determined by the legislation of the country of importation and in the ordinary course of trade between independent buyer and seller, such or like imported merchandise in comparable quantities and under similar conditions of sale is sold or offered for sale with price as the sole consideration under fully competitive conditions. To the extent to which the price of such or like merchandise is governed by the quantity in a particular transaction, the price to be considered should uniformly be related to either (a) comparable quantities, or (b) quantities not less favorable to importers than those in which the greater volume of the merchandise is sold in the trade between the countries of exportation and importation.

(iii) If such When the actual value be is not ascertainable on the basis of in accordance with the preceding paragraph (ii), then the value for duty purposes should be based on the nearest ascertainable equivalent of such value.

The Special Committee believe that this text would permit the adoption of an administrative rule of presumption that "actual

value" is represented by the invoice price, plus any non-included charges for legitimate costs which are proper elements of "actual value" and plus any abnormal discount or other reduction from the ordinary competitive price.

It is also believed that the prescribed standard of "fully competitive conditions" will meet the contention of one country that it should not be required to consider distributors' prices which involve special discounts limited to exclusive agents.

In view of a difference of opinion in the Special Committee, as to whether the phrase "between independent buyer and seller" is redundant in view of the inclusion of "under fully competitive conditions", this point is submitted for special consideration by the sub-committee.