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93d Congress
1st Session

COMMITTEE PRINT

CUSTOMS VALUATION

REPORT OF THE U.S. TARIFF COMMISSION

TO THE

COMMITTEE ON FINANCE

AND THE SUBCOMMITTEE ON INTERNATIONAL TRADE

UNITED STATES SENATE

RUSSELL B. LONG, *Chairman*

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INTRODUCTION

On April 21, 1971, the Senate Committee on Finance and its Subcommittee on International Trade asked the Tariff Commission to undertake a study of the customs valuation procedures of foreign countries and those of the United States with a view to developing and suggesting uniform standards of customs valuation which would operate fairly among all classes of shippers in international trade, and the economic effects which would follow if the United States were to adopt such standards of valuation, based on rates of duty which were to become effective on January 1, 1972. 1/

On April 30, 1971, the Tariff Commission instituted the requested study (Investigation No. 332-68) under section 332(g) of the Tariff Act of 1930. Notice of the investigation was published in the Federal Register of May 5, 1971 (87 F.R. 8419).

1/ The Senate Committee on Finance on December 11, 1970, in its report on the then pending "Trade Act of 1970" (Senate Report No. 91-1431 on H.R. 17550, page 283), expressed the need for extensive research on certain matters relevant to its review of U.S. foreign trade policies. Section 362 of the bill, which was reported favorably to the Senate but failed enactment, directed the Tariff Commission to undertake studies on certain important issues relating to U.S. trade policy. On March 31, 1971, the Chairman of the Committee announced the establishment of a Subcommittee on International Trade to examine policy questions associated with the shaping of a new international trade program for the United States.

The Commission made a prior study on customs valuation for the Senate Finance Committee in 1966 and 1967. On February 9, 1966, the Committee directed the Tariff Commission, pursuant to section 332 of the Tariff Act of 1930, to investigate the methods of valuation used by the United States and its principal trading partners. In its preliminary report submitted to the Finance Committee in July 1966 and published as Tariff Commission Publication 180, the Commission described the valuation methods used by the United States and its principal trading partners and analyzed the effects of the basic differences between such methods. The final report, submitted to the Finance Committee in February 1967, was not published.

A staff report to the Commission in the current investigation was released in July 1972 as Tariff Commission Publication 501. The report described the customs valuation practices of the United States and certain other countries, and it discussed principles that should be followed in the formulation of uniform standards of customs valuation in order to comply with the Committees' directive.

The staff report also included a valuation standard with two alternate provisions for the place of valuation, i.e., at the port of exportation (so-called f.o.b.) and at the port of importation (so-called c.i.f.). The staff report was designed to elicit comments and views on the basic issues and to facilitate hearings which were held September 11 and 12, 1972. Notice of the public hearings was published in the Federal Register of August 5, 1972 (37 F.R. 15901) and September 9, 1972 (37 F.R. 18418).

The Commission obtained information not only at the public hearings and in written views, but also from its files, from the Bureau of Customs of the U.S. Department of the Treasury and other agencies of the U.S. Government, from customs officials of several foreign countries, from the Directorate of the Customs Cooperation Council in Brussels, and from other interested parties.

This report is divided into four parts. The first part sets forth the Commission's uniform suggested international customs valuation system. Also included in the first part, in response to the Committees' directives, is a statement in summary form of the probable economic

effects if the United States were to adopt the suggested system based upon rates in effect on January 1, 1972.

Parts II through IV and the Appendices of the report consist of background information on customs valuation. Part II, Current Customs Valuation Requirements, and Part III, Considerations for Uniform Standards, are in large part drawn from the published staff report of July 1972. Part IV is a more detailed analysis of the probable economic effects of U.S. adoption of the Commission's suggested system. The Appendices include letters from the Senate Finance Committee and its Subcommittee requesting this study, public notices of hearings, the standard from the staff report of July 1972, a tabular summary of the testimony and briefs from the public hearing, excerpts from valuation statutes of various countries, and statistical tables.

PART I. SUGGESTED UNIFORM INTERNATIONAL CUSTOMS VALUATION SYSTEM

In response to the directives of the U.S. Senate Committee on Finance and its Subcommittee on International Trade, the Commission unanimously suggests an international customs valuation system, as hereinafter described, with a primary standard of transaction value, i.e., the price paid or payable in an arm's-length sale, and subordinate standards designed to achieve the equivalent of the transaction value when the latter does not apply.

However, Commissioners differ with respect to the important element of place to be incorporated therein. In this latter respect, four Commissioners 1/ suggest that the international customs valuation system incorporate the so-called f.o.b. (port of exportation) concept. 2/ Two Commissioners 3/ suggest that the international customs valuation system incorporate the so-called c.i.f. (port of importation) concept. 4/

1/ Voting for the f.o.b. concept: Chairman Bedell, Vice Chairman Parker, Commissioner Leonard, and Commissioner Moore.

2/ The "f.o.b." concept includes in the customs value of imported articles all charges and expenses incurred in obtaining the articles packed ready for shipment and moving them to the port of exportation alongside the exporting carrier. See page 137 for the considerations involved in selecting the "f.o.b." concept.

3/ Voting for the c.i.f. concept: Commissioner Young and Commissioner Ablondi.

4/ The "c.i.f." concept includes, in addition to the charges and expenses described in footnote 2, supra, all charges and expenses, such as those for loading, unloading, insurance, and transportation, incurred in bringing the articles from alongside the carrier at the port of exportation and placing them alongside the carrier at the port of importation. See page 141 for the considerations involved in selecting the "c.i.f." concept.

In this part of the report, an explanation of the structure of the valuation system suggested by the Commission and of the principles embodied therein will be furnished. Thereafter, a summary of the probable economic effect of United States adoption of the system will be provided.

Structure and Principles of Suggested Uniform Valuation System

The basis of valuation

The value of imported articles shall be determined in accordance with the following customs valuation standards, and the priority in the application of such standards shall be as follows:

First, the primary standard shall be the transaction value of the articles undergoing appraisement.

Second, if the value of the articles undergoing appraisement cannot be determined under the foregoing primary standard, the most reasonable of the following three secondary standards shall be used to determine the equivalent of such transaction value:

(a) The transaction value of comparable articles, or

(b) The value constructed from sales of imports, or

(c) The value constructed from production costs.

Third, if the value of the articles undergoing appraisement cannot be reasonably determined under the foregoing primary or secondary standards, then the equivalent of such transaction value shall be determined by other reasonable means.

The primary standard 1/

1. Transaction value of articles undergoing appraisement.--The transaction value of the articles undergoing appraisement shall be the price paid or payable for them in an arm's-length sale when the sale is made and the articles are imported in the normal course of trade, plus, when not included in such price, all charges and expenses incurred in obtaining the articles packed, transporting them to the port of exportation, and maintaining them until importation, and placing them alongside the time of lading upon the exporting carrier. the importing carrier.

1/ Throughout the standards, where differences exist between the elements of the suggested so-called f.o.b. (port of exportation) system and of the c.i.f. (port of importation) system, the language for f.o.b. is on the top and the language for c.i.f. is on the bottom.

The secondary standards

2. (a) Transaction value of comparable articles.--

The transaction value of comparable articles shall be

the price paid or payable for them at the time of

exportation of the articles undergoing appraisement in importation

an arm's-length sale when the sale is made and the

articles are imported in the normal course of trade,

plus, when not included in such price, all charges

and expenses incurred in obtaining the articles

packed, transporting them to the port of exportation, importation,

and maintaining them until the time of lading upon the and placing them alongside the importing carrier.

exporting carrier.

(b) Value constructed from sales of imports.--The value constructed from the sales of imports shall be the price paid or payable in the importing country for--

(1) the articles undergoing appraisement in an arm's-length sale in the normal course of trade, or

(2) comparable articles in an arm's-length sale in the normal course of trade at the time of exportation of the articles undergoing importation appraisement,

less customs duty, charges and expenses, including usual profit, incurred for services performed since the time of lading such articles upon the exporting of placing such articles alongside the im- carrier.
porting carrier.

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(c) Value constructed from production costs.--The value constructed from production costs shall be the sum of the charges and expenses, including usual profit, incurred in producing--

(1) the articles undergoing appraisement, or

(2) comparable articles in the normal course of trade at the time of exportation of the arti- importation

cles undergoing appraisement,

packing them, transporting them to the port of exportation, and maintaining them until the time of importation, and placing them alongside the importing their lading upon the exporting carrier. carrier.

The tertiary standard

3. Value determined by other reasonable means.--

The value determined by other reasonable means shall be the value at the time of exportation of the arti-
importation
cles undergoing appraisement that would be the equivalent of their transaction value, and includes a value determined by reasonable means that may be independent of, or used in conjunction with, any of the foregoing secondary standards of valuation.

Principles of the system

The suggested customs valuation system is comprised of a primary standard, three secondary standards, and a tertiary standard. The standards are ranked in the priority of their application as specified under Basis of Valuation. The most important feature of the suggested valuation system is the basic design of the primary standard to permit the acceptance of the "transaction" value, i.e., the actual price paid or payable for the articles undergoing appraisement, and of the secondary and tertiary standards to achieve for such articles the value that would be the "equivalent" of their transaction value when the latter is not applicable. 1/

A salient feature of the secondary standards and of the tertiary standard is the requisite latitude and flexibility to insure that reasonable determinations are made of the equivalent of the transaction value of the articles undergoing appraisement.

The following terms in the primary and secondary standards require explanation: "arm's-length sale", "in the normal course of trade", and "comparable articles".

An "arm's-length sale" contemplates a transaction between a buyer and a seller independent of each other. The concept of "arm's-length sale" is well established and is generally accepted in international trade for customs valuation purposes. 2/

1/ The "transaction" referred to is the sale pursuant to which the importation is made from the country where the articles were physically available at the time of sale, whether or not produced in that country.

2/ See, for example, Article II of the Brussels Definition of Value and section 402(g) of the Tariff Act of 1930, as amended.

For the primary standard of valuation to apply, the sale of the articles undergoing appraisement and their importation must have occurred "in the normal course of trade". This phrase permits the consideration of an otherwise arm's-length transaction in relation to the normal manner of doing business in articles of the same class or kind. The transaction may be disregarded if there are unusual circumstances surrounding it that offset the otherwise arm's-length nature thereof.

The term "comparable articles" is used in each of the three secondary standards of valuation. This term contemplates both articles that are identical with the articles undergoing appraisement or are like them in component materials and in the purposes for which used and are approximately equal to them in value, and that are produced in the same country as the articles undergoing appraisement by the same person or by different persons. The use of the term "comparable articles" in the secondary standards is to facilitate the determination of the equivalent value when the articles undergoing appraisement cannot be valued under the primary standard.

The system of valuation standards, although expressed for the most part in positive terms with the standards ranked in the priority of their application, does nonetheless provide ample latitude and flexibility in the secondary standards and in the tertiary standard for reasonable determinations of the equivalent of the primary transaction value to be made for the articles undergoing appraisement. If

the primary standard does not apply, the equivalent value is to be determined in accordance with the "most reasonable" one of the three listed secondary standards. If the value of the articles undergoing appraisement cannot be "reasonably" determined under the primary or secondary standards, the tertiary standard provides for determination of the equivalent value by other "reasonable means" and specifically authorizes the use of reasonable means of valuation that are "independent of, or used in conjunction with," any of the other secondary standards of valuation.

The elements of the suggested standards treat in the alternative with respect to the valuation standard elements of "place" and "time", but are otherwise the same. The element of place for the so-called f.o.b. international customs valuation system herein suggested relates to the arm's-length price paid or payable with adjustments, if necessary, to include--

> * * *all charges and expenses incurred in obtaining the articles packed, transporting them to the port of exportation, and maintaining them until the time of lading upon the exporting carrier (Emphasis supplied).

The element of place for the so-called c.i.f. system, on the other hand, relates to the arm's-length price paid or payable with adjustments, if necessary, to include--

> * * *all charges and expenses incurred in obtaining the articles packed, transporting them to the port of importation, and placing them alongside the importing carrier (Emphasis supplied).

Thus, it will be seen that the essential difference between the f.o.b. and c.i.f. systems is that the former excludes, and the latter includes, all charges and expenses of loading the articles onto the exporting carrier and of transporting and maintaining them until they are placed alongside the importing carrier at the port of importation. In either case, the specified charges and expenses, if not already included in the price, are to be included whether incurred by buyer, seller, or a third party.

The suggested international customs valuation system is designed, among other things, to achieve to the greatest extent practicable, certainty of application and fairness to international traders. 1/ Such a system must perforce have as a principal adjunct an international supervisory body to insure international uniformity of application, and, at the national level, established and adequate procedures and facilities for--

(a) centralized administration of the system to insure uniform and correct application of the valuation standards by customs officers at all ports of entry, and

(b) review of the determinations of customs port officials,

not only with respect to the valuation of imports, but also with respect to their classification for duty purposes and all other customs

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1/ See discussion of "fairness" at page 124.

determinations affecting the level of customs duties or other requirements relating to the importation of articles. This review, which should be provided expeditiously and at minimum cost, should take place first at the administrative level and, if necessary, subsequently, in an independent judicial tribunal.

With respect to the valuation of imported articles, customs officers should be required by law to appraise them and their determinations should be presumed to be correct when questioned before an independent judicial tribunal. This presumption of correctness would be rebutted if an importer satisfied the reviewing tribunal that, under the valuation standards, a better basis existed for valuing his articles than was used by the appraising officers.

The suggested customs valuation system described above would be suitable for uniform international application. As stated elsewhere in the report (at page 140), the suggested system--

> * * * would be, to the greatest practicable degree, a neutral constant in the duty formula as applied to all classes of traders, thereby leaving to the ad valorem rate of duty the sole role of expressing--on a visible scale--the quantum or degree of duty or the incidence of protection intended.

Summary of Probable Economic Effects of United States Adoption of the Commission's Suggested System of Uniform International Standards 1/

The Committee on Finance, in its letter requesting this study, directed the Commission not only to suggest uniform standards for customs valuation, but also to suggest the economic effects which would follow if the United States were to adopt such standards based upon January 1, 1972, rates of duty.

Unqualified adoption by the United States of either the f.o.b. or the c.i.f. alternate of the Commission's suggested uniform system of international standards would result in elimination of the principal market and usual wholesale quantity concepts now generally applicable to U.S. imports under sections 402 and 402(a), Tariff Act of 1930, as amended, and the elimination of the "final list" and "American selling price" standards now applicable to specified articles only. 2/ The c.i.f. alternate would, in addition, increase dutiable values by including freight, insurance, and other intercountry charges.

Quantitative analysis of the economic effects of these changes is limited to the likely effects on dutiable value and duty paid prices

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1/ This summary is based upon a detailed background analysis of the probable economic effects of U.S. adoption of the suggested standards which is presented in Part IV of this report. Particular attention is directed to the limitations of the analysis beginning on p. 152.

2/ This statement of changes that would be involved if the United States were to adopt the suggested uniform standards is not to be construed as a recommendation for or against their being unilaterally adopted by the United States. The valuation systems of most countries contain variations and exceptions from the generally applicable standards, and it is possible that even if the suggested system of standards were adopted for international use, the different countries might retain some of these valuation variations and exceptions.

for a group of selected entries which do not purport to be a statistically representative sample. The analysis, however, does highlight the probable nature of changes in dutiable value and duty paid prices which might be expected were the United States to adopt the suggested system of standards based on January 1, 1972, rates of duty. The probable effects of adoption of the suggested system of standards on trade flow, production, and consumption were not quantitatively analyzed, but were characterized qualitatively where appropriate.

Elimination of the principal market concept 1/ would increase the dutiable value of 2 percent of the selected entries by amounts ranging from 0.2 percent to 13.6 percent, the median increase being 3.6 percent. The price effect would in most cases be negligible and there would consequently be no measurable effect on U.S. imports, production, or consumption.

Elimination of the usual wholesale quantity concept 2/ would, so far as could be determined, have virtually no effect on dutiable values.

Elimination of the final list standards 3/, which are now used in appraising about 20 percent of all U.S. imports, would have no effect on many final list articles, including the 40 percent of such articles which are now duty-free, but would result in significant changes in

---

1/ The chief effect of this concept is that a few of the articles valued under the "export value" and "foreign value" standards are valued ex-factory rather than at the port of export.

2/ The usual wholesale quantity concept requires appraisement on the basis of the price for the goods in their usual wholesale quantities.

3/ The major differences between section 402a (final list standards) and section 402 standards are discussed beginning p. 72.

dutiable value for some articles. The median change in dutiable value among final list entries analyzed would range from a reduction of 6.5 percent for certain baked goods to an increase of 7.4 percent for automobiles. The median change in duty-paid price, however, would range from a reduction of 0.4 percent for birch plywood to an increase of 0.2 percent for automobiles. Price changes of this magnitude would probably have little or no effect on U.S. imports, production, or consumption.

Elimination of the two American selling price standards 1/, which are applicable to less than 1 percent of all U.S. imports, would significantly lower the dutiable value and duty-paid price of many articles now appraised under these standards. For selected entries in 7 TSUSA items appraised under American selling price, the median reduction in dutiable value would range from 39.8 percent for dyes to 74.5 percent for certain footwear, while the median reduction in duty-paid price would range from 7.8 percent for cyclic intermediates to 29.8 percent for certain footwear. Price changes of this magnitude may be expected to have a significant impact on U.S. imports, production, and consumption.

Thus, adoption of the suggested system of standards with the f.o.b. alternate would have a significant effect on the dutiable value of articles now appraised under American selling price, of some articles

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1/ Customs value of articles valued under the American selling price standards is based upon the price of the competitive domestic articles in the United States.

on the final list, and of a few articles now valued on an ex-factory basis. Any significant effect on the duty-paid price of imports, however, as well as any impact on U.S. imports, production, and consumption, would be generally limited (1) to the articles now appraised under the American selling price standards, which constitutes less than 1 percent of total U.S. imports, and (2) to the comparable domestic goods.

The inclusion of intercountry costs in the dutiable value under the c.i.f. alternate would result in a net increase in dutiable value and in duty-paid price for all entries except (1) those from Canada or Mexico where intercountry costs are generally nonexistent and (2) those where intercountry costs are too small to offset reductions caused by elimination of American selling price or final list standards. Dutiable values and duty-paid prices under the c.i.f. alternate would in all cases be equal to or greater than those that would result under the f.o.b. alternate.

For the selected entries, the median change in dutiable value under the c.i.f. alternate would range from a reduction of 37.6 percent for cyclic intermediates to an increase of 14.9 percent for plywood, while the median change in duty-paid price would range from a reduction of 6.1 percent for cyclic intermediates to an increase of 2.6 percent for rattan baskets and 3.7 percent for certain boots. For most of the TSUSA items included in the selected entries, the median duty-paid price would remain unchanged or would increase by 1 percent or less. Thus, the c.i.f. alternate would probably have little

effect on U.S. imports, production, and consumption except for (1) articles now valued under American selling price, (2) some articles on the final list, and (3) a few articles which combine high shipping costs with high ad valorem rates of duty.

The inclusion of transport, insurance, and other intercountry costs as a part of dutiable value would tend to increase duties and landed duty paid prices (1) more for articles from distant countries than for similar articles from closer countries, (2) more for U.S. ports distant from the country of export than for closer U.S. ports, and (3) more for articles shipped by air than for the same articles shipped by surface transport. The probable effect on duty paid prices for shipments in these three categories would vary widely depending in large part on the level of intercountry costs and upon the rate of duty. It is axiomatic to expect a significant price effect for articles where both the ad valorem duties and intercountry costs relative to total costs are high and to expect a negligible price effect for articles where both the ad valorem duties and the intercountry costs relative to total costs are low.

The quantitative analysis of the limited data on individual entries available to the Commission 1/ indicated that there would be an increase in duty paid price under the c.i.f. alternate of generally less than 1 percent for articles from Europe and Asia. However, this analysis did not indicate that there would be any consistently greater

1/ See page 152.

increase in duty paid price for articles from Asia than for similar articles from Europe, which is much closer. Similarly, for shipments of a given article from a given country in Europe or Asia to ports on the east coast and on the west coast the analysis indicated that there would be no significant difference in duty paid price between ports on the east coast and those on the west coast. For shipments of an article by air and by surface transport, the limited data indicated that the duty-paid price would be higher, usually by less than 1 percent for air shipments. Because of the time advantage in air shipment for most articles, it is questionable whether U.S. adoption of c.i.f. valuation would cause many shippers to shift from air to surface transport.

PART II. CURRENT CUSTOMS VALUATION REQUIREMENTS

Introduction

The purpose of customs valuation

Customs duties are assessed on the basis of specific rates (so much per unit of the imported article), ad valorem rates (a stated percentage of the value of the article), or compound rates (a combination of specific and ad valorem rates). In some cases, different rates are provided for two or more value brackets into which the class of imports has been subdivided for duty purposes, so that the rate of duty also depends on the value. The amount or burden of an ad valorem tariff depends upon the customs value to which it is applied as well as upon the rate itself. The two are interdependent and inseparable. Ad valorem rates of duty, to be fully effective and understood, must be supported by a clear definition of customs value. Thus, customs valuation is essential to the administration of tariff schedules that utilize ad valorem or compound rates of duty and rates which vary depending on the value of the merchandise.

Even if a country imposes no ad valorem duties or had no rates of duty dependent upon value, it would generally have need of, and make provision for, determining the values of imported articles. Most countries appraise duty-free and specific-duty merchandise as well as merchandise dutiable on an ad valorem basis because customs appraisement--apart from its primary purpose of determining import duties--serves a variety of other needs related to the administration of the customs laws or to other aspects of a country's commercial policy.

Among these needs are furnishing data for analytical purposes; facilitating the administration of tourist exemptions, bonds, and penalties based on customs value; and implementing exchange regulations, import licenses, and import quotas based on value.

Characteristics of valuation standards

This report is concerned with customs valuation standards used by customs officials to determine the amount of duty to be imposed on imported goods subject to ad valorem rates of duty. It is not sufficient merely to direct them to impose a duty of a given percentage of the value of an imported article. The term value, standing alone, is indefinite. A commodity has different values at different times and places and at different levels of marketing. Consequently, the laws of a country should provide valuation guidelines or standards to govern authorities in appraising imported goods.

Most of the standards in use today are based on one or both of two valuation concepts, viz., positive and notional.

A positive standard defines customs valuation in terms of the price at which goods are sold under specified conditions. Because it bases valuation on actual specified conditions, it requires, in ranking order, one or more additional standards to provide alternatives for valuation when the actual conditions of the next higher ranking standard are not met. Thus, a system of two or more standards is required under the positive concept for valuation of imported goods.

A notional standard, on the other hand, defines customs valuation in terms of the price at which goods would be sold under specified conditions. Because the notional standard bases valuation on the price at which goods would be sold under specified conditions rather than under specified actual conditions, it permits any of the elements at variance to be adjusted, as required, to meet the standard. Thus, one notional standard may constitute an entire valuation system.

To insure complete coverage of all valuation possibilities, positive valuation systems usually have residual authority to use the notional concept.

If a standard--whether positive or notional--is to serve its purpose, it must identify and define clearly the elements which describe the dutiable value intended. These elements include (1) the goods whose actual or constructed price is to be used as a basis for determining the customs value of the goods under appraisement (e.g., the particular goods under appraisement or identical or similar goods); (2) the time and (3) place as of which the price of those goods is to be determined (e.g., the time and place of exportation or the time and place of importation); (4) the quantity and (5) transaction level which are to be considered in determining the price of those goods (e.g., the usual wholesale quantity or the quantity and transaction level which pertain to the particular goods under appraisement); and (6) the competitive conditions to be required in a transaction price used as a basis for determining the customs value (e.g., a transaction

on the open market between buyer and seller independent of each other). These six elements, taken together, define the value contemplated by a standard.

For appraisement purposes, it is essential to have full knowledge of all the commercial facts required by the valuation standard involved. It is also essential that there be proper procedures, through documentation and otherwise, for obtaining full disclosure of such facts promptly.

The relationship of import statistics to customs valuation

Accurate import statistics are an essential tool used by governments to formulate national trade policy and by business firms to plan production and marketing strategy. For these purposes, data are needed for duty-free and specific-duty merchandise as well as for merchandise subject to ad valorem duties. In most countries, the customs service is required to appraise all imported merchandise, though major emphasis is placed on merchandise for which the amount of duty depends on the value. The determination of quantity and value

by the customs service for each import entry is generally used as a basis for compiling import statistics. Thus, import statistics are, in large measure, a co-product of customs classification and appraisement.

If a country values imported merchandise on the basis of actual arm's-length transaction prices, the resulting import statistics will be realistic and useful for economic analysis. On the other hand, if a country determines the value of imports on other bases, the resulting statistics may be misleading. In any event, the proper use of import statistics requires an awareness of the valuation system in effect and reporting and verification procedures employed in their collection.

In the course of international trade, goods pass from the place of production through the port of exportation and the port of entry to a market in the importing country. As the goods move farther from the place of manufacture, they generally increase in value because of the accumulation of transportation and other costs. Valuation standards vary as to the place at which value is to be determined. In general, standards may be grouped into two types--those based on the value of the merchandise at a place in the exporting country and those based on the value of the merchandise at a place in the importing country commonly referred to as f.o.b. and c.i.f. standards, respectively.

The essential difference between the terms f.o.b. and c.i.f. is that the latter includes freight, insurance and other charges from the port of exportation to the port of entry. The difference might also involve other charges if the places for determination of f.o.b. and c.i.f. charges were other than the port of export or port of entry. Most countries use c.i.f. standards, but the United States, Australia, Canada, and a few other countries use f.o.b. standards.

Import statistics are needed on both c.i.f. and f.o.b. bases. The United Nations requests its member countries to report import data on a c.i.f. basis, while the International Monetary Fund (IMF) needs import data on both a c.i.f. and an f.o.b. basis. For balance of payments analysis, f.o.b. data are needed, with separate data on freight and insurance payments, which often inure to the benefit of a third country. The IMF summarizes its statistical needs for balance of payments analysis as follows: 1/

> . . . export and import transactions should be valued in the balance of payments at a common boundary, preferably f.o.b. the frontier of the exporting country, with international freight and insurance costs on merchandise shown in the freight and insurance account.

For analysis of the competitive impact of imports of a commodity on the domestic market, c.i.f. data are preferable to f.o.b. because they more closely approximate the value of the imported goods in that

1/ International Monetary Fund, Balance of Payments Manual, 3rd edition, page 14.

market. Thus, whatever type of customs valuation system may utimately be adopted for international use, it is clear that there is a need for import statistics on both an f.o.b. and a c.i.f. basis.

Adoption of one or the other type of valuation system for duty purposes does not preclude the collection and compilation of import statistics on both an f.o.b. and a c.i.f. basis. For practical purposes, statistics compiled under an f.o.b. standard can be converted to c.i.f. by adding freight, insurance, and other charges accruing from the port of exportation to the port of entry; statistics compiled under a c.i.f. standard can be converted to f.o.b. by subtracting such charges. Such conversions for broad groups of imports are currently being done by most countries to meet the needs of the International Monetary Fund. The United States is currently developing procedures for the collection and publication of import valuation statistics on a broader basis that will include both f.o.b. and c.i.f. import data on a product by country basis in the detail of the Tariff Schedules of the United States Annotated.

Trends toward uniformity

In the early 1920's, the need for international standards of customs valuation was voiced by some countries. The subject was on the agenda of the League of Nations Economic Conferences held in Geneva in 1927 and 1930; though the participating countries agreed on the need for action, none resulted. After World War II, international efforts toward the establishment of common valuation standards focused on two major approaches. On the one hand, the Contracting Parties to the the General Agreement on Tariffs and Trade (GATT) agreed in 1947 to certain valuation principles to be observed by all member countries, leaving each country rather broad discretion in the formulation of its national valuation standards. On the other hand, by mid-1949 the European Customs Union Study Group, established in 1947, developed a comprehensive customs valuation standard, which participating countries agreed to incorporate into their customs laws. This standard, which is set forth in the Convention on the Valuation of Goods for Customs Purposes and is known familiarly as the Brussels Definition, represents the first successful effort to create an international valuation standard.

At the present time, 26 countries, mostly European, are members of the Convention. The valuation practices of the six original members

of the European Community as well as Denmark, Japan, Norway, Sweden and the United Kingdom were selected for special study in this report. An additional 58 countries, mostly African and American, are said to apply the Brussels Definition but are not members of the Convention. Of the countries which do not apply the Brussels Definition, the United States and four other countries (Australia, Brazil, Canada, and Mexico) were also selected for special study of their valuation practices. The following tabulation shows the percentage of free world imports, of U.S. imports, and of U.S. exports accounted for by each of these groups of countries in 1970.

Free world imports and U.S. imports and exports: Percentage of total attributable to countries applying the Brussels Definition and to other countries, 1970

Groups of countries	Free world imports 1/	U.S. imports	U.S. exports
	percent	percent	percent
84 countries applying the Brussels Definition 2/	64.0	49.8	53.3
26 members of the Convention	57.5	42.9	45.1
11 selected countries	49.2	38.8	38.3
13 other countries	8.3	4.1	6.8
58 non-members	3/ 6.5	6.9	8.2
Countries not applying the Brussels Defintion	36.0	50.2	46.7
United States	13.6	-	-
4 selected countries	7.9	33.9	29.2
All other countries	14.5	16.3	17.5

1/ Data exclude Communist bloc countries.

2/ As of September 1, 1972.

3/ Data exclude Czechoslovakia and Hungary, although these countries apply the Brussels Definition. Their imports for 1970, expressed as a percentage of total free world imports, amounted to 1.3 and 0.9 percent, respectively.

Source: Free world imports compiled from Monthly Bulletin of Statistics, November 1971, published by the United Nations and Direction of Trade, Annual 1966-70, published by the International Monetary Fund; U.S. imports and exports compiled from official statistics of the U.S. Department of Commerce.

General Agreement on Tariffs and Trade

Commitments of the Contracting parties to General Agreement on Tariffs and Trade

The contracting parties to the General Agreement on Tariffs and Trade agreed to certain broad valuation principles and to certain individual elements of value which each member country undertakes to observe in its customs laws and administration. Most of the major trading countries of the world are contracting parties to the General Agreement. As of January 1, 1973, 81 countries were GATT members, one country had acceded provisionally and 15 others were applying the GATT on a de facto basis.

Most of the provisions relating to customs valuation are in Part II of the agreement, which nearly all contracting parties, including the United States, apply only provisionally. 1/ Under the provisional commitments, each country agreed to abide by the terms of the valuation provisions in the General Agreement to the fullest extent not inconsistent with its existing legislation (i.e., as of October 30, 1947). Nevertheless, each member is obliged not to adopt new legislation or regulations that would violate the GATT provisions. Moreover, the framers of the General Agreement anticipated that the members would gradually bring their domestic legislation into conformity with the GATT guidelines.

Each contracting party is committed not to alter its valuation standards in a manner that would impair any concessions granted to

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1/ Part II, which contains most of the GATT trade rules, includes articles III through XXIII. The pertinent articles, the protocol of provisional application and a brief discussion of the provisional application of the General Agreement on Tariffs and Trade by the contracting parties are given in Appendix D-1.

other contracting parties in GATT negotiations. A change in a contracting party's valuation standards that would result in an increase in the dutiable value of articles on which it has made concessions would contravene that commitment. A contracting party wishing to adopt a new customs valuation standard that would increase dutiable values may be permitted to do so under GATT requirements if the increases are offset by appropriate changes in the rates of duty or if new compensatory concessions are granted.

GATT valuation principles

The valuation provisions of the General Agreement are discussed below.

Goods upon which dutiable value should be based.--The GATT provides that the dutiable value of imported goods should be based on the actual value, or the nearest ascertainable equivalent, of either the imported merchandise on which duty is assessed or like merchandise of foreign origin. It should not be based on the value of domestic merchandise nor on arbitrary or fictitious values. The uniform use of either the imported merchandise or like foreign merchandise would comply with the GATT provisions.

Quantity.--The General Agreement provides that, to the extent the price of merchandise is governed by the quantity in a particular transaction, the price to be considered in determining dutiable value should uniformly be related to either comparable quantities or quantities not less favorable to importers than those in which the greater volume of such merchandise is sold in the trade between the countries of exportation and importation.

Internal taxes.--With regard to the treatment of internal taxes in valuation standards, the GATT rules provide no option. The General Agreement provides that the value for customs purposes of imported goods should not include the amount of any internal tax levied in the country of origin or exportation from which the goods concerned either have been excepted or will be relieved.

Fully competitive conditions.--Under GATT provisions, the dutiable value of imported merchandise should be based on sales or offers for sale in the ordinary course of trade under fully competitive conditions. Interpretative notes in Annex I of the GATT state that goods may be regarded as not having been sold or offered for sale under fully competitive conditions if the buyer and seller were not independent of each other and price were not the sole consideration, or if the purchase price reflected special discounts limited to exclusive agents.

Currency conversion.--Several provisions of the General Agreement establish rules for converting currencies when determining the dutiable value of imported goods. They are treated briefly below.

The conversion by a contracting party of prices or values expressed in a foreign currency to determine the dutiable value of imported goods in terms of its own currency must be based on the par values of the currencies involved (as established pursuant to the Articles of Agreement of the International Monetary Fund or in accordance with a special exchange agreement entered into pursuant to Article XV of the General Agreement) or on the rate of exchange recognized by the Fund. In the absence of such established par values or rates of exchange, the conversion rate must reflect the current value of the foreign currency in commercial transactions. 1/

Additional provisions.--The GATT further provides that the bases and methods for determining dutiable value should not be subject to frequent change; that valuation laws should be administered in a uniform, impartial, and reasonable manner; that valuation laws, regulations, judicial decisions, and administrative rulings should be published promptly in a manner that will enable interested parties to become acquainted with them; and that independent tribunals should be provided to review administrative actions related to customs matters.

In the principles stated above the GATT members have, in effect, agreed on a number of conceptual elements of value which they deem ought to be included in the valuation standards of the contracting

1/ Article VII:4(c) shown in Appendix D provides that the contracting parties to the General Agreement and the International Monetary Fund shall formulate rules governing the conversion of currencies for which there are multiple rates of exchange. Such rules have never been established. In their absence, contracting parties are permitted by the GATT provisions to use conversion factors which reflect the value of the currency involved in commercial transactions.

parties. The GATT provisions, however, do not set forth the elements of a complete valuation standard. Lacking are certain elements commonly present in such standards which the contracting parties are left free to define as they wish. For example, the GATT provisions do not restrict the contracting parties in their choice of time and place. Thus the General Agreement does not make a choice between c.i.f. and f.o.b. valuation. Likewise, the GATT permits valuation based on the actual quantity under appraisement or on the usual wholesale quantity.

Convention on the Valuation of Goods for Customs Purposes (The Brussels Definition of Value)

The Brussels Definition of Value is a single notional standard which bases value on the landed cost of the goods in the country of importation and is applied to all imported merchandise. It is used by a substantial number of nations some of which are formally committed as signatories to the Convention to carry out its requirements, but the majority of which are not so committed.

The European Customs Union Study Group undertook to draft a model valuation standard. This task was undertaken simultaneously with various other projects necessary for the establishment of a European customs union. As a point of departure, the participants built on the valuation provisions of The Havana Charter for an International Trade Organization (Article 35) and agreed to observe the provisions of the General Agreement on Tariffs and Trade relating to customs valuation, which had just been formulated. To guide its work, the Study Group formulated nine principles, as follows: 1/

I. Dutiable value should be based on equitable and simple principles which do not cut across commercial practice.

II. The concept of dutiable value should be readily comprehensible to the importer as well as to the Customs.

III. The system of valuation should not prevent the quick clearance of goods.

1/ Customs Cooperation Council, Explanatory Notes, p. 12.

IV. The system of valuation should enable traders to estimate, in advance, with a reasonable degree of certainty, the value for customs purposes.

V. The system of valuation should protect the honest importer against unfair competition arising from undervaluation, fraudulent or otherwise.

VI. When the Customs consider that the declared value may be incorrect, the verification of essential facts for the determination of dutiable value should be speedy and accurate.

VII. Valuation should be based to the greatest possible degree on commercial documents.

VIII. The system of valuation should reduce formalities to a minimum.

IX. The procedure for dealing with lawsuits between importers and the Customs should be simple, speedy, equitable and impartial.

The Study Group completed the draft of a valuation standard for use by the projected customs union in mid-1949. The distinguishing feature of the new standard, the notional concept of value--"the price which the goods would fetch"--was modeled after the valuation law which had been in effect in the United Kingdom since 1935. The new standard, which later became known as the Brussels Definition of Value, was incorporated in the Convention on the Valuation of Goods for Customs Purposes. The Valuation Convention was one of three related international agreements--all signed on December 15, 1950, in Brussels. The others were a Convention on Nomenclature for the Classification of Goods in Customs Tariffs (the Brussels Nomenclature) and a Convention Establishing a Customs Cooperation Council. As of

August 1972, 67 countries, including the United States, 1/ were members of the Council, which supervises the use of the Brussels Definition of Value and the Brussels Nomenclature. No country can accede to either the Valuation or Nomenclature Convention until it has joined the Council.

In accordance with its terms, the Brussels Valuation Convention came into force on July 28, 1953, after ratification by seven members of the Council. As of September 1972, the following 26 countries, including most of Western Europe, were Contracting Parties to the valuation convention:

Austria	Ireland	Pakistan
Belgium	Italy	Portugal
Denmark	Ivory Coast	Rwanda
Finland	Japan	Spain
France	Kenya	Sweden
Germany (Federal Republic of)	Korea (Republic of)	Tunisia
	Luxembourg	Turkey
Greece	Netherlands	United Kingdom
Haiti	Norway	Yugoslavia

An additional 58 countries, as listed below, at least nominally applied the Brussels Definition of Value as of September 1972, without being members of the Valuation Convention. Those marked with an asterisk are, however, members of the Council.

1/ The United States joined the Council in 1970.

Africa

Algeria*
Burundi*
Cameroon*
Central African Republic
Chad
Comoro Archipelago
Congo (Brazzaville)
Zaire
Equatorial Guinea
Gabon*
Gambia
Ghana*
Liberia
Madagascar*
Malawi*
Morocco*
Nigeria*
Portugese overseas provinces
Sierra Leone
Somali
Spanish provinces
Sudan*
Tanzania*
Uganda*
United Arab Republic*
Upper Volta*

Americas

Antigua
Argentina*
Barbados
Chile*
Colombia
Cuba
Dominica
Ecuador
Grenada
Guyana
Honduras (Br.)
Jamaica*
Montserrat
Peru*
St. Kitts-Nevis Anguilla
St. Lucia
St. Vincent
Surinam
Trinidad and Tobago

Asia

Israel*
Laos
Malaysia*
Singapore
Timor
Yemen

Australasia

Fiji

Europe

Czechoslovakia*
Cyprus*
Hungary*
Iceland*
Malta*
Monaco

Those countries which reportedly apply the Brussels Definition but are not members of the Valuation Convention include many of the countries of Africa and South America plus a few Asian and European countries. The use of minimum and arbitrary values by some of these

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countries would preclude membership in the Brussels Valuation Convention until such practices were discontinued. Member and non-member countries applying the Brussels Definition of Value as of September 1972, accounted for 64 percent of free world imports in 1970, whereas member countries alone accounted for 57 percent.

Obligations of the member nations

Each member nation is obliged to incorporate the text of the Brussels Definition in its national tariff laws. It may adapt the text, for instance, by inserting therein provisions of the Interpretative Notes or by giving the text such legal form as may be essential to render it operative in its domestic law by adding complementary provisions clarifying the purport of the Definition. Further, each member nation is required, in applying the Definition, to conform with the Interpretative Notes. Together the texts of the Brussels Definition and the Interpretative Notes constitute the valuation principles that the contracting parties are obligated to observe. 1/

As provided by the Convention, the Valuation Committee of the Customs Cooperation Council prepared an extensive series of Explanatory Notes for use as a guide to the application of the Brussels Definition of Value. 2/ The Notes explain the theory and practice of valuation under the Definition, both in general terms and with regard

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1/ The Brussels Definition and Interpretative Notes are shown in Appendix D2.

2/ The Explanatory Notes were published as complete volumes in 1960 and again in 1971, the latter being in looseleaf form to facilitate insertion of changes agreed upon by the member countries. Through the years the members have also made changes in the Definition and in the Interpretative Notes.

to common specific problems.

On its own initiative or on request, the Valuation Committee advises member countries on matters concerning the valuation of goods for customs purposes. 1/ The Committee issues a series of Recommendations, Opinions, Notes, and Studies, related to specific problems raised by member countries.

Principal features of the Brussels Definition of Value

The Brussels Definition provides, without exception, that the customs value of imported goods shall be their "normal price", i.e., the price the goods would fetch, delivered to the buyer at the place of importation, at the time the import duty becomes payable, 2/ on a sale in the open market between a buyer and a seller independent of each other. The seller is assumed to bear all expenses incidental to the delivery of the goods to the port of importation (except recoverable duties and taxes, e.g., drawbacks, applicable in the country of exportation). If the normal price depends on the quantity sold, the quantity to be considered is assumed to be the same as that in the shipment being valued.

1/ Article VI(d) of the Valuation Convention.

2/ The phrase "at the time when the duty becomes payable", in paragraph (1) of Article I of the Brussels Definition, is ambiguous. Interpretative Note 1, instead of clarifying the ambiguity, provides that the time referred to "shall be determined in accordance with the legislation of each country and may be, for example, the time at which the goods declaration for home use is duly lodged or registered, the time of payment of customs duty or the time of release of the goods." This latitude of choice could make substantial differences in the dutiable value of goods. It could, for example, permit the costs of transportation and warehousing in the importing country to be included in the dutiable value of imported goods.

The Brussels Definition thus establishes a standard based on value at the place of importation. It establishes a notional concept of valuation--i.e., the value to be determined is the price the goods would command if sold in accordance with specified terms. It is a single standard, applicable to all goods irrespective of whether the articles are obtained under a transaction in the open market between a buyer and a seller independent of each other and regardless of the terms of the contract, sale, or arrangement. In every instance, it is intended that the dutiable value shall correspond to the price for the imported merchandise being valued at the place of importation, before payment of duty, at which a seller would be freely willing to sell and a buyer freely willing to buy.

Guidelines for administration.--Like most valuation standards, the Brussels Definition must be administered principally on the basis of information respecting the shipment involved and related commercial transactions and conditions. To this end, the architects of the Brussels Definition suggest a variety of methods by which the notional value may be determined or constructed. Apart from certain specific recommendations, these methods are proposed as acceptable, but not mandatory, valuation techniques.

The actual transaction price is recommended for acceptance as a valid base for the determination of the customs value of the goods being entered. To be accepted without adjustment, it must be equivalent to an open market competitive price and the circumstances of the sale must

conform with the elements of the Brussels Definition as construed in the Interpretative Notes.

If certain circumstances of the sale do not accord with the elements of the Brussels Definition, the transaction price is adjusted to account for the differences. For example, various costs to the importer associated with delivery to the place of importation are added if not included in the transaction price. These costs might include freight, insurance, buying and selling commissions, brokerage fees, packing costs, loading and unloading charges, and certain foreign taxes. Adjustments to the commercial invoice price for a difference in time may include interest costs or their equivalent on extended prepaid orders or an adjustment for a significant change in price between the time of the purchase and the time of importation. Information on which adjustments of this nature may be based is generally available to the customs from commercial documents of other import transactions.

A more complicated type of adjustment of the transaction price may be used for importations by selected purchasers, sole concessionnaires or franchise buyers or for importations where an importer and an exporter are related. This type of adjustment to the invoice price is popularly termed uplift. For example, if the buyer, in consideration of his assumption of responsibility for advertising, promoting, or servicing trade-marked items, has obtained special rebates or reductions in price which are not freely or generally available to all buyers, the price may be adjusted upward to the level at which the goods would be generally available to all buyers by disallowing

any discounts for services which benefit the exporter. Likewise if the buyer makes royalty payments in addition to the purchase price, the purchase price is adjusted upward to include such royalties. If the transaction or purchase price is suspect because the sale is between related parties, the customs officer may make an upward adjustment in the declared price to the level that would prevail in the open market between a buyer and a seller independent of each other. Methods for determining the amount of such uplifts are discussed in the following section on customs practices. The adjusted or unadjusted price is used as the basis for valuation of the vast majority of entries (estimated at about 99%) in countries which are members of the Valuation Convention. Only in rare cases are other valuation bases used. 1/

If the use of the transaction price, adjusted or unadjusted, is not an appropriate base for determining dutiable value, as in consignment shipments, for example, the primary base used is actual or expected realization--the price at which the imported article is sold or is expected to be sold in the importing country, adjusted to a landed cost equivalent. 2/ This procedure is somewhat similar to that which is employed in the United States value standard. When this procedure is not appropriate, dutiable value may be based on prices of comparable imported goods. 3/ Under rare circumstances, customs

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1/ See Explanatory Notes, 1971 edition, pp. 19, 20, 73, and 108.
2/ Op. cit., pp. 20, 75, 79, and 82.
3/ Op. cit., pp. 75, 78, 80, and 84.

officials may resort to the cost of production of the imported goods, or to valuation by expert appraisal. 1/ In the case of some leased goods the most appropriate technique may be the anticipated rental charges during their expected life. 2/

1/ Op. cit., p. 84.
2/ Op. cit., p. 81.

Customs practices and appeals procedures

In any system of customs valuation used by a number of nations, differences in statutes and their application are bound to exist. An international agreement such as the Brussels Convention on Valuation could be negotiated only by reserving to each nation the right to determine the details of statutory language and administration. Nevertheless, the individual statutes of the 26 members of the Valuation Convention are believed not to differ significantly among themselves, and the members have achieved progressively greater uniformity in administration as differences have come to light and as procedures to minimize differences have been developed. The valuation statutes and administrative practices of the 58 non-member countries purportedly applying the Definition differ to a greater extent than those of the member countries.

In discussing the customs practices of the Brussels countries, certain generalizations will be made that may be more applicable to members than to non-members. Then, the specific valuation practices of the Common Market countries, of other member countries, and of non-member countries applying the Brussels Definition will be considered.

Transaction price major base for valuation.--The actual transaction price, usually represented by the commercial invoice, is the major base for valuation under the Brussels Definition. The Brussels formula is drafted to conform as closely as possible to commercial practice in open market conditions. Customs officers

accept the actual price paid for imports as a basis for valuation if that price can be considered to represent, either without or with adjustment, a sale in the open market between a buyer and a seller independent of one another.

Customs officials find little need to base valuation on anything other than transaction prices and usually accept available commercial documents for such adjustments as may be necessary with respect to time and place. The definition does not prescribe a standard quantity to be valued or a standard transaction level. The imported merchandise itself is valued in the quantity purchased and at the level of the actual import transaction, despite the fact that identical goods may have been sold at different prices to other importers buying in different quantities or at different levels.

The Definition specifies the price at the time the duty becomes payable. The Interpretative and Explanatory Notes make it clear that the actual price paid usually constitutes an accurate basis for valuation. In practice, customs authorities accept this price provided there is timely delivery in due course of trade and there has been no abnormal fluctuation between the price actually paid and the price at the time the duty becomes payable.

Any necessary adjustments to the transaction price to conform with the port or other place of introduction into the country of importation are usually simple. Allocation of freight charges in mixed cargoes with a flat rate poses a problem, but most cargo is shipped at known commodity rates, depending on type of carrier.

Air freight, for example, though it may be higher than surface transport, is included in customs value if the value of the merchandise is enhanced by air shipment. All countries exclude, as best they can, that portion of the air, land, or waterway freight which represents the cost of transportation within the territory of the country of importation.

Problems common to any valuation system based upon open market transactions confront customs officials in placing a value on imports not freely offered to all buyers and transactions between related parties. Nevertheless, the techniques used under the Brussels Definition enable customs authorities to use transaction prices, either with or without adjustments, for most importations of this nature. As previously indicated, the customs officer may make upward adjustments for services, such as advertising or repairs made under a warranty, performed by a selected purchaser for the benefit of the exporter.

If a transaction between related parties is suspect, customs officials usually use what is popularly described as the subtractive or deductive method of looking to the expected realization from sales in the market of the importing country, less duty, value added by further processing, marketing costs, and profits, to determine if the invoice price may reasonably be accepted as a basis for valuation. If this method indicates the invoice price is too low, a compensating adjustment or uplift may be applied to make it acceptable. The value of comparable goods may also be used to determine whether an uplift should be applied to a price between related parties.

Customs officials seldom use expected realization or prices of comparable goods except as benchmarks to test the authenticity of the invoice price, so that the reasons for any differences can be identified and appropriate adjustments applied.

Consultation.--Most countries using the Brussels Definition encourage consultation between importers and customs officials to resolve disagreements. Both sides have an interest in timely liquidation of entries; both are interested in finding a practical solution with a minimum of formality; and neither customs officials nor importers are anxious to go to court. In contrast to the United States, the laws in many of the member countries of the Brussels Valuation Convention provide no "presumption of correctness" on the part of the customs. In many of these countries, the loser may be ordered to pay court costs and the fees of the opposing attorneys. Consequently, both sides prefer to arrive at a settlement without recourse to the courts. Consultation enables importers and customs to reach a common undertstanding of the facts of the case and sometimes to arrive at a mutually acceptable compromise. Consultation most frequently concerns the problem of uplift.

For instance, a selected purchaser importing foreign trademark goods may object to a proposed uplift for advertising expenses which customs officers claim are for the benefit of the exporter. Consultation may show that the advertising is in the importer's name as well as that of the foreign trademark holder, and customs may agree to cut the proposed uplift in half.

As another example, a company importing from a foreign affiliate may object to a proposed uplift based on expected realization. Consultation may develop information indicating that marketing costs were higher than customs had allowed in its calculations and that the proposed uplift should therefore be reduced.

In practice, most uplifts are calculated for specific products of specific importers. Once calculated, they are then automatically applied to subsequent importations of that product by that importer until either the customs or the importer seeks a change through further consultation. This procedure, once established, facilitates the timely liquidation of most entries to the apparent general satisfaction of both the customs service and importers. Most entries are liquidated in less than two days and, in some countries, within a few hours.

The process of arriving at timely and mutually agreeable solutions to valuation problems through consultation requires that customs officers be highly competent, that they have a thorough knowledge of the Brussels Definition and its supporting documents, and that, in addition, they be allowed some latitude for compromise solutions with appropriate safeguards against corruption. Most countries give importers the right to go to higher administrative authority, and in some countries modifications of valuation decisions may be made only by higher authority. Consultations between importers and customs officials result in timely and practical solutions to many but not all valuation problems. Two avenues remain for settlement of unresolved

problems: (1) the Customs Cooperation Council and its Valuation Committee and, (2) the courts.

Customs Cooperation Council and its Valuation Committee.--New valuation problems are continually arising in the course of international trade. The increasing proportion of trade by multinational firms and the increasing use of containerized shipping and computerized accounting present new valuation problems. The Customs Cooperation Council and its Valuation Committee provide a continuing forum for discussion and recommendations on appropriate methods of handling new valuation problems and disputes on an abstract basis. Only governments are represented on the Council and on its Valuation Committee, but importers, exporters, and producers concerned with valuation problems have access to the Council through the representatives of their government.

The Valuation Committee of the Customs Cooperation Council meets three times a year and is assigned the following tasks: 1/

> To collate and circulate to the member nations information concerning the valuation of goods for customs purposes by each of them;
>
> To study the domestic laws, procedures, and practices of the member nations, and to make recommendations to the Council or the member nations designed to secure uniformity of interpretation and application of the Brussels Definition and standardization of procedures and practices;
>
> To prepare explanatory notes as a guide to the application of the Definition;

1/ Customs Cooperation Council, The Brussels Definition of Value for Customs Purposes, pp. 21-22.

On its own initiative or on request, to furnish to member nations information or advice on any matters concerning the valuation of goods for customs purposes;

To submit to the Council proposals for any amendment of the present Convention which it may consider desirable;

To exercise such other powers and functions of the Council in relation to the valuation of goods for customs purposes as the Council may delegate to it.

Under the Convention, member nations having disputes regarding the interpretation and application of the Brussels Definition are directed to attempt to settle them first by negotiation. Failing that, the Valuation Committee will consider the dispute and make recommendations for its settlement. If that step fails, the Customs Cooperation Council will consider the dispute and endeavor to resolve it; its recommendations are binding only if the countries involved agree in advance to accept them.

Courts.--Both the GATT (in Article X,3) and the Customs Cooperation Council (in its ninth principle) indicate that governments should provide impartial review of appraisment decisions. The GATT provision specifies that such review should be conducted by a tribunal independent of the agency entrusted with administration of the customs laws. The Brussels Valuation Convention recommends but does not require that each member country grant a right of appeal. 1/ All member countries of the Brussels Valuation Convention, however, provide importers the right of appeal either to higher administrative authority or to the courts. 2/ In most countries, this appeal may be made to courts or arbitration bodies independent of the customs administration. As previously

1/ Customs Cooperation Council, The Right of Appeal in Customs Matters, Study No. 10, Brussels, 1966.

2/ The word "court" when used in relation to foreign countries is intended to connote "judicial, arbitral, or administrative tribunals" which are independent of the agency administering or enforcing the customs laws of each country.

indicated, the laws in many member countries of the Brussels Valuation Convention provide no presumption of correctness on the part of the customs so the courts must sometimes make a judgment as to what value best fits the Definition. As a consequence, the courts (and independent arbitration bodies) sometimes arrive at a value that coincides with the contentions of neither the customs nor the complainant. In some countries, there is a further right of appeal from national court decisions to the International Court in Luxembourg. The decision of the latter court is advisory but generally accepted by the national court in its final decision.

The extent of court activity on customs valuation varies considerably from country to country, depending largely on the extent to which a country facilitates compromise settlements through consultations within the administrative hierarchy and also depending upon the degree of jeopardy to the importer in going to court. In a number of countries, the loser is required to pay court costs plus the expenses of the attorneys for both sides. In some countries, the valuation case goes to a criminal court, where the importer is subject to a fine if he loses.

European Community.--In 1968, the six European Community countries adopted a common regulation on the valuation of imports for customs purposes. It incorporates the Brussels Definition and harmonizes many divergent practices which had previously existed in the statutes

and regulations of the individual member countries. 1/ Goods destined for any member country may be entered and duty paid at any port in the Community. Importers may pay duty in one country for subsequent shipment to a second country or may tranship in bond through one country for payment of duty in a second country. The member state of entry retains half the revenue and the other half goes to the Community. Beginning in 1975 all customs collections will go to the Community.

The regulation establishes a Customs Valuation Committee for the Community to provide a continuing forum for harmonization of customs valuation among the member states. The Community is establishing a common training school for customs officers; it has largely harmonized differences in the treatment of time and place. With respect to "time", the Community regulation provides that prices actually paid or payable may be accepted as long as the goods are received within their usual delivery period, which may in no event exceed 24 months.

1/ Reproduced in Appendix D3. While the European Community applies the Brussels Definition of Value in administration of the common customs tariff, it is not used for the import valuations required in the determination of variable import levies imposed by the Community on certain agricultural products. The variable import levies are a device used to achieve minimum import prices at a level high enough to prevent interference by imports with internal price policies for grains, dairy products, sugar, olive oil, and certain other products. A minimum c.i.f. value is determined for imports of a particular class of products and a specific levy is applied to make up the difference between such minimum c.i.f. price and the minimum import price goal for such class of products. As indicated, the c.i.f. price for all imports is taken as the lowest offer price. Since there is usually a range of offer prices, the use of the lowest offer results in a higher variable levy on some shipments than would prevail if valuation procedures strictly in accord with the Brussels Definition were used.

The Community countries are attempting to harmonize uplifts and, significantly, will attempt to harmonize court procedures. The latter two tasks admittedly will take some time to achieve.

In general, the Netherlands and Belgium have not imposed uplifts as frequently nor to the same extent as Germany, France, and Italy on concessionaire items and transactions between related parties. This, along with quick customs clearance, has tended to encourage entry at the big ports in the Netherlands and Belgium for transshipment. With respect to uplifts for sole concessionaires or selected purchasers, German customs officials publish and apply general uplifts on certain commodities (seldom over 15%) based upon industry studies and place the burden of proof upon the importer to justify a lower or no uplift; France is in the process of adopting similar practices. Italy imposes some automatic uplifts. In the Benelux countries, there are no commodity uplifts as such, but there are uplift determinations, when indicated, for individual products imported by particular firms. For some products, such as pharmaceuticals, the uplifts may be as much as 100% or more to offset nominal transfer prices. About 99 percent of the total number of entries in the Community are liquidated on the basis of the invoice price with or without adjustments. About 9 percent, however, are subject to uplift in order to approximate a competitive price. In the Netherlands, only about 1-1/2 percent of the entries is subject to uplift. The Community hopes to harmonize these divergent practices on uplifts among the member states.

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Within the Community, Germany has the most court cases on valuation with several hundred per year. Most appeals are on uplifts for sole concessionaires. On the other hand, Belgium has virtually none. In Belgium and France, most disputes that are not settled by consultation within the customs hierarchy are settled by an arbitration committee and do not reach the courts. In France, an appeal from the arbitration committee would go to the criminal courts, so that importers tend to accept decisions below the court level. In the Netherlands there is no significant expense in going to court. In Germany the loser, be it the government or the importer, has to pay court costs.

Other member countries.--The United Kingdom, Denmark, and Ireland joined the European Community effective January 1, 1973. Accession involves acceptance of the Community's common customs valuation regulations outlined above. These three countries were already members of the Brussels Valuation Convention and their acceptance of the Community regulation is not expected to involve significant change in their requirements for customs valuation.

The United Kingdom has attempted to value as closely as possible to commercial practice. A recent U.K. study indicated that about 99.9 percent of the total number of entries were cleared on the basis of actual transaction prices, either with or without adjustments. About 13 percent of the entries involved uplifts for selected purchasers or related parties. The United Kingdom emphasizes

consultation between customs officers and importers to settle disputes on uplifts and provides for conferences, if necessary, with the importer at five levels within the customs hierarchy. This may be followed by referral to an independent arbitration board before resorting to settlement in court. As a result of the effort to reach a practical and mutually acceptable appraisement at the administrative level, virtually no cases have reached the courts in the United Kingdom. A provision for advance filing of entries enables most merchandise to be cleared within a few hours after arrival.

The other 17 member countries of the Brussels Valuation Convention are subject to the discipline of membership in the Convention but cannot be expected to be as uniform in their application of the Brussels Definition as will be the countries in the enlarged European Community.

Non-members.--Among the 58 countries which purportedly apply the Brussels Definition of Value but are not members of the Convention, many have limited acquaintance with the Brussels Definition; many continue to base valuation procedures as much on local administrative practices as on the Definition and its Interpretative and Explanatory Notes. Non-member countries using the Brussels Definition have no obligation to seek guidance from the Valuation Committee. However, many such countries do so and also request Council publications to assist them in implementing the provisions of the Definition.

These 58 countries, which accounted for less than 7 percent of world trade in 1970, in general, accept the actual transaction price adjusted to a c.i.f. basis as the dutiable value unless there is doubt as to its representing a competitive sale. There are, however, notable exceptions. Thailand, for instance, bases dutiable value on the wholesale cash price for which goods of like kind and quantity are sold or could be sold, at the time and place of importation, without trade discount. Morocco defines value for duty purposes as what would be the "cash and wholesale value" of the goods delivered to the port of entry. Peru determines its c.i.f. dutiable value by taking 120 percent of the f.o.b. price, port of embarkation.

In addition to their use of the Brussels Definition, a number of these 58 countries apply supplemental valuation practices to certain articles. In Colombia, for instance, the dutiable value of imported articles similar to domestically produced goods may be set at a level not less than the average factory price of the domestic goods. Singapore is a free port for most goods; of the duties levied, however, about two-fifths are ad valorem based on the Singapore "customs open market value". Argentina, Colombia, Ecuador, and Peru may use promulgated minimum prices when the actual transaction price appears to be questionably low. The Central African Republic and Chad both establish official prices on certain specified articles.

It is common practice among these 58 countries to apply uplift to dutiable value when import sales are not at arm's length, i.e., when unusual discounts are granted or special relationships exist between buyer and seller. Nigeria adds a 4 percent buying commission to the f.o.b. price if the invoice does not clearly state that such commission has already been included.

Appeals procedures vary from country to country. Most countries provide for appeals either through administrative procedures and/or through the courts. Countries in which the administrative decision is final and there is no recourse to the courts include Chile, Colombia, Ecuador, Nigeria, and Peru.

Valuation Methods Employed by the United States 1/

U.S. valuation standards and order of precedence for their use

The customs valuation system established under sections 402 and 402a of the Tariff Act of 1930 consists of several primary standards with alternative subordinate standards. Although the system is basically positive in conception, certain elements in some of the standards are of notional content. 2/ In addition, this system is buttressed by the presumption of correctness attaching to the customs officer's value determinations and his authority under section 500 to value goods by all reasonable ways and means.

1/ Provisions of U.S. Customs valuation law are reproduced in Appendices D4, E, F, and G. An historical perspective to U.S. customs valuation is presented in Appendix H.

2/ See Appendix D4 for notional content in U.S. standards--sections 402 (c), (d), (e), and (g)(1) and 402a (f) and (g).

The five standards in section 402a are the valuation standards established by the original section 402 of the Tariff Act of 1930. Section 2 of the Customs Simplification Act of 1956 redesignated section 402 as section 402a of the Tariff Act of 1930 and added a new section 402 containing four additional standards. The Administration had sought legislation to substitute the new set of standards for the original standards. However, the original standards were retained for use in appraising those articles, known as "final list" articles, 1/ on which the dutiable values for fiscal year 1954 would have been smaller by 5 percent or more if appraised under the new section 402 standards.

1/ A list published by the Secretary of Treasury in 1958 pursuant to section 6(a) of the Customs Simplification Act of 1956 (Public Law 927, 84th Cong.). This list was published in T.D. 54521, which is reproduced in appendix E to this report. The 1956 act directed the Secretary to list all articles for which the new standards would result in a reduction of 5 or more percent in appraised value (based on imports in fiscal 1954), and directed that such listed articles be appraised under the old standards now set forth in section 402a.

The nine standards provided by sections 402 and 402a are listed as follows:

Section 402	Section 402a
	Foreign value
Export value	Export value
United States value	United States value
Constructed value	Cost of production
American selling price	American selling price

The standards in section 402 and those in section 402a differ significantly by reason of definition. Standards that are identical or kindred in name and description differ because terms used in section 402a, which had acquired meanings through administrative and judicial rulings, were statutorily redefined in section 402. Despite the many variations in valuation resulting from the use of the nine standards, however, two common characteristics prevail. The seven standards, other than the two designated as American selling price (ASP), are based upon the value of the goods in the country of exportation. 1/ The two American selling price standards are based upon the selling price in the United States of the domestic counterpart of the imported article. 2/

Within the overall U.S. valuation system, there are six different subordinate systems for determining customs values. The article determines which subsystem will be used. Each subsystem consists of a primary standard and two or more alternate standards. Each of the nine individual

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1/ The two U.S. value standards use the U.S. market price as the basis for the determination of dutiable value. This price is adjusted, however, in order to approximate value in the country of exportation.

2/ See Appendix F for articles subject to American selling price valuation.

standards is employed in more than one subsystem. Indeed, a given standard may serve as a primary standard in one subsystem and an alternate standard in another; moreover, a standard may serve as the first alternate in one subsystem and the second alternate in another.

The category of articles to which each of the six subsystems applies, and the primary and alternate standards, in order of precedence, are as follows:

Articles	Subsystems, standards and order of application
1. Those not on the final list and not subject to ASP valuation	As defined in section 402: a. Export value b. United States value c. Constructed value
2. Those on the final list and not subject to ASP valuation	As defined in section 402a: a. Foreign value or export value, whichever is greater b. United States value c. Cost of production
3. Benzenoid chemicals subject to ASP valuation and not on the final list	As defined in section 402: a. American selling price b. United States value 1/ c. Export value d. Constructed value
4. Benzenoid chemicals subject to ASP valuation and on the final list	As defined in section 402a: a. American selling price b. United States value 1/ c. Foreign value or export value, whichever is greater d. Cost of production

1/ In the case of benzenoid chemicals, if there is no similar competitive article produced in the United States, headnote 4, part 1 of schedule 4 of the Tariff Schedules of the United States requires the use of United States value before resorting to the general use of the regular standards of valuation.

Articles--Cont.	Subsystems, standards and order of application--Cont.
5. Those subject to ASP valuation under section 336 and not on the final list 1/	As defined in section 402: a. American selling price b. Export value c. United States value d. Constructed value
6. Those subject to ASP valuation under section 336 and on the final list 2/	As defined in section 402a: a. American selling price b. Foreign value or export value, whichever is greater c. United States value d. Cost of production

Under any of these subsystems, customs may use the all reasonable ways and means authority provided by section 500. The order of precedence for the use of these standards under the first four subsystems is shown diagrammatically on the following page.

Nearly all merchandise entering free of duty or subject to specific duty, and a large proportion--possibly as much as 80 percent by value--of the merchandise subject to ad valorem or compound rates of duty, are valued under the first subsystem listed, while most of the remainder is valued under the second subsystem. The final four subsystems are limited to those few articles subject to American selling price, and account for less than 2 percent by value of the total imports of merchandise subject to ad valorem or compound rates. Among these four subsystems, the

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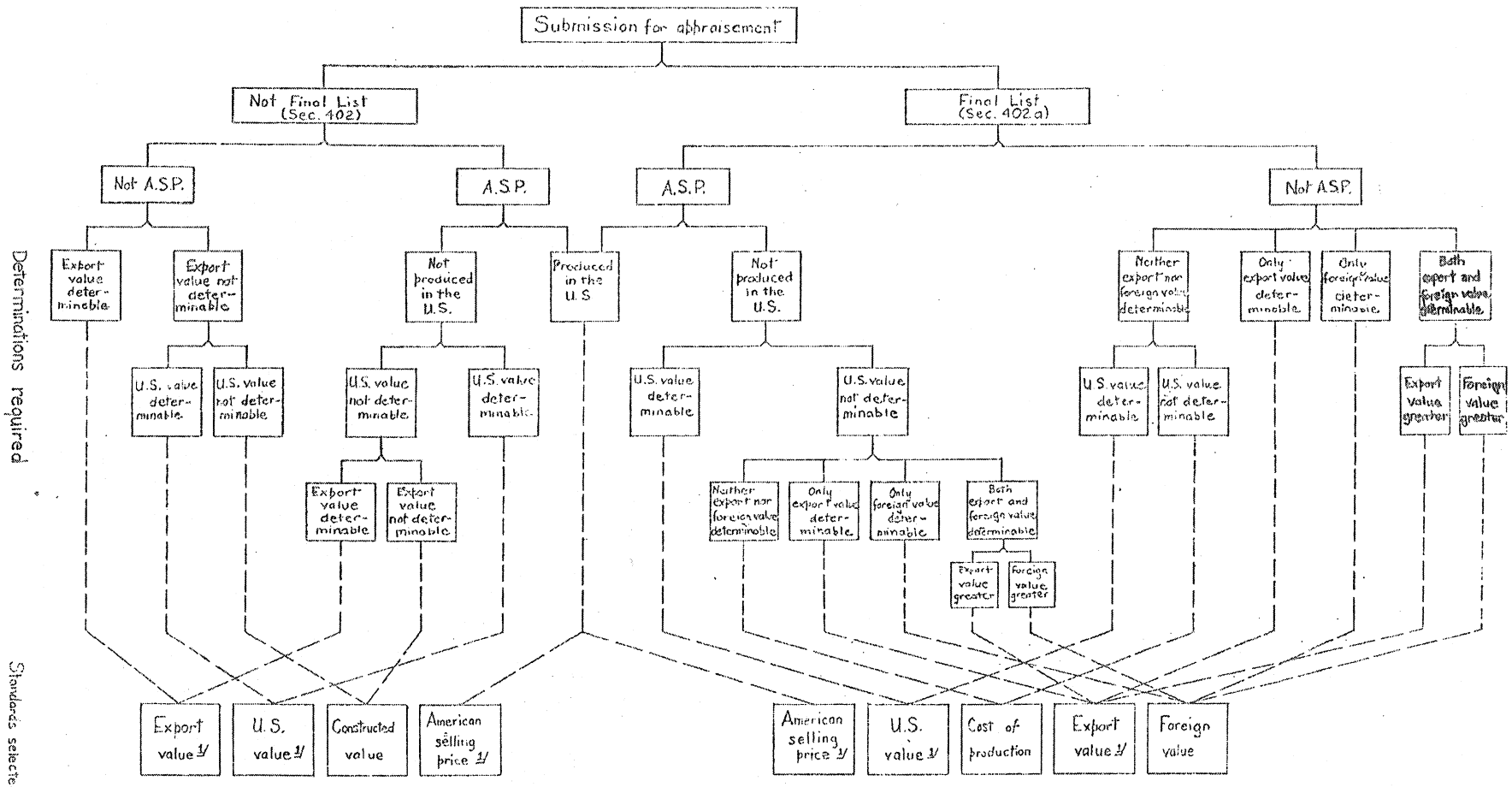
1/ The only articles currently subject to this subsystem are certain canned clams.

2/ The only articles currently subject to this subsystem are rubber-soled fabric-upper footwear and wool knit gloves valued at not over $1.75 per dozen pairs. No such gloves have been imported in recent years.

U.S. Selection of Valuation Standards



1/ Although there appear to be identical standards under both sections 402 and 402a, each standard has a distinct definition, either in differences in wording or interpretation.

Note.--The determinations and order of selection of standards for articles subject to A.S.P. valuation under sec. 336 of the Tariff Act of 1930, but not like or similar to articles produced in the United States is the same as for non-A.S.P. items.

two pertaining to benzenoid chemicals together are substantially more important than the other two.

Although U.S. valuation standards are applicable to all imported merchandise, the Bureau of Customs is mainly interested in the determination of the value of those articles which are subject to ad valorem or compound duties, or a specific duty based on value, since the amount of the duty payable on such articles depends on the valuation as well as on the rate of duty. The data in the following table show that U.S. imports subject to ad valorem and compound duties were valued at $17.7 billion in 1970. This represents 44.4 percent of all imports, which totaled $39.8 billion in that year.

U.S. imports for consumption in 1970

Type of duty 1/	Total value	Percent of total
	Billion dollars	
Free	12.6	31.7
Specific	9.5	23.9
Compound or ad valorem	17.7	44.4
Total	39.8	100.0

1/ Adapted from Appendix K, table 1.

Description of customs valuation standards

The previous section outlined the six subsystems used in the United States and noted the categories of articles to which each of the subsystems

applies. This section briefly describes the nine standards defined by sections 402 and 402a and indicates their approximate frequency of use.

The two export value standards and the single foreign value standard entail a determination of prices in the country of exportation. The export value standards specify the price of merchandise sold for export to the United States, whereas foreign value specifies the price of merchandise sold for domestic consumption in the country of exportation, each including the cost of packing for export. For all items on the final list, other than those subject to American selling price, customs must attempt to determine both export value and foreign value and, if both are determinable, use the higher of the two as the dutiable value. Cost of production and constructed value determine dutiable value through building up foreign costs, whereas the two United States value standards define dutiable value by subtracting from the U.S. selling price of such or similar imported goods the expenses of bringing the goods from the exporting country such as freight, insurance, U.S. duty, the importer's expenses, and profits. The foregoing seven standards base dutiable value, either directly or indirectly, on prices or costs in the exporting country and exclude any other costs entailed thereafter. The two American selling price standards base dutiable value on the price of like or similar competitive domestic articles in the U.S. market.

Abbreviated definitions for each of the nine standards are given below. Complete statutory definitions are provided in Appendix B:

1. Export value (as defined by section 402).--The price, at the time of exportation to the United States, at which such or similar merchandise, packed ready for shipment to the United States, is freely sold or offered for sale in the usual wholesale quantities in the principal markets of the exporting country for export to the United States.

2. Export value (as defined by section 402a).--The price, at the time of exportation to the United States, at which such or similar merchandise, packed ready for shipment to the United States, is freely offered for sale to all purchasers in the usual wholesale quantities in the principal markets of the exporting country for export to the United States.

3. Foreign value (as defined by section 402a).--The price, at the time of exportation to the United States, at which such or similar merchandise is freely offered for sale to all purchasers in the usual wholesale quantities in the principal markets of the exporting country for consumption in that country, plus the cost of packing the merchandise for shipment to the United States.

4. United States value (as defined by section 402).--The price, at the time of exportation of the merchandise being valued, at which such or similar imported merchandise, packed ready for delivery, is freely sold or offered for sale in the usual wholesale quantities in the principal U.S. market for domestic consumption, less (a) the usual commission or usual profit and general expenses, (b) transportation, insurance, and other necessary expenses from the place of shipment to the place of delivery, and (c) all customs duties and other Federal taxes payable by reason of importation.

5. United States value (as defined by section 402a).--The price, at the time of exportation of the merchandise being valued, at which such or similar imported merchandise, packed ready for delivery, is freely offered for sale to all purchasers in the usual wholesale quantities in the principal U.S. market for domestic consumption, less (a) a commission not exceeding 6 percent or profits not exceeding 8 percent and general expenses not exceeding 8 percent, (b) transportation, insurance, and other necessary expenses from the place of shipment to the place of delivery, and (c) the import duty.

6. Constructed value (as defined by section 402).--The sum of (a) the cost of producing such or similar merchandise at a time before the date of exportation which would permit production, (b) the usual general expenses and profit made by producers in the exporting country on sales of such or similar merchandise in the usual wholesale quantities for export to the United States, and (c) the cost of packing the merchandise for shipment to the United States.

7. Cost of production (as defined by section 402a).--The sum of (a) the cost of producing such or similar merchandise at a time before the date of exportation which would permit production, (b) the usual general expenses (but not less than 10 percent of the cost of production) and the usual profit (but not less than 8 percent of the sum of the cost of production and the allowance for general expenses) made by producers in the country of manufacture on sales of such or similar merchandise, and (c) the cost of packing the merchandise for shipment to the United States.

8. American selling price (as defined by section 402).--The price, at the time of exportation of the imported article, at which a competitive article, produced in the United States and packed ready for delivery, is freely sold or offered for sale in the usual wholesale quantities in the principal U.S. market for domestic consumption, or the price which the owner would have received or was willing to receive for such article when sold for domestic consumption in the usual wholesale quantities.

9. American selling price (as defined by section 402a).--The price, at the time of exportation of the imported article, at which a competitive article, produced in the United States and packed ready for delivery, is freely offered for sale to all purchasers in the usual wholesale quantities in the principal U.S. market for domestic consumption, or the price which the owner would have received or was willing to receive for such merchandise when sold for domestic consumption in the usual wholesale quantities.

Data showing the frequency of use of each of the nine current U.S. valuation standards are not available. An estimate made with respect to imports subject to ad valorem duties in 1969 indicates that 80 percent of the value thereof was appraised under section 402 and 20 percent under section 402a. This estimate further indicates that the two export value standards accounted for 79 percent (74 percent under section 402 and 5 percent under section 402a); constructed value and its counterpart, cost of production, 1/ 5 and 13 percent, respectively; foreign value, 2 percent; the two United States values, less than 1 percent; and the two American selling prices, less than 1 percent.

1/ The use of cost of production for appraisement has materially increased during the past decade coincident with the increase in imports of automobiles which are generally appraised on the basis of cost of production.

Major differences between sections 402 and 402a valuation standards:

As noted earlier, four of the five valuation standards in section 402a of the Tariff Act of 1930, as amended, are variations of the section 402 standards. The fifth standard in section 402a, foreign value, does not have a counterpart in section 402. The four pairs of standards appear almost identical, but they differ significantly because of differences in the statutory language and in the definition given to common terms.

The two United States value standards differ in their treatment of the amounts that may be deducted from the price of the imported merchandise in the United States to allow for commissions or profits and general expenses of the importer. Section 402a fixes maximum percentages for commissions (6% of the domestic selling price), profits (8%), and general expenses (8%), while section 402 allows the usual commissions or profits and expenses without limitation. The section 402 standard usually results in larger deductions and a lower dutiable value, which more closely approximates the commercial price of the article at its source, than the section 402a standard.

The cost of production standard differs from its counterpart, constructed value. The former requires that minimum profits of 8 percent and minimum expenses of 10 percent be included in the customs value, whereas the latter requires inclusion of the usual profit and expenses, which may result in a lower dutiable value.

One of the major differences between sections 402 and 402a hinges on the meaning of a freely offered 1/ price. Four of the five standards in section 402a base value on the price at which the merchandise is freely offered for sale to all purchasers. Three of the four standards in section 402 base value on the price at which the merchandise is freely sold or, in the absence of sales, offered for sale. While the language is similar, the results are quite different. The cited language of section 402a is not defined by statute but has been interpreted by the courts to mean the highest price that any willing buyer will pay for the goods in the usual wholesale quantities. The cited language of section 402, however, is defined by statute to mean the price at which the goods are sold or offered either to all purchasers at wholesale or in the ordinary course of trade to one or more selected purchasers at wholesale, provided the price fairly reflects the market value of the merchandise. This means that customs may take as the basis for dutiable value either the highest price any industrial user or reseller other than retailer (or retailer if the others do not exist) will pay for the usual wholesale quantities, or the price paid by one such user or reseller, provided the price fairly reflects the market value. A considerable portion of imports, particularly trademarked articles, are made by selected purchasers, i.e., concessionaires or

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1/ Under the old valuation standards, now designated as section 402a, the term "freely offered" included prices in actual sales as well as unaccepted offers so long as the offers were bona fide. Under section 402, actual sale prices take precedence over unaccepted offers so long as they are freely made. The term is used interchangeably in this report to mean "freely sold," or "freely offered" as appropriate.

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franchised importers. Thus the selected purchaser concept considerably increases the number of transactions which can be used as a basis for determining dutiable value under the export value, U.S. value, and American selling price standards in section 402 as compared with their counterparts in section 402a. The practical effect of this change is to increase greatly the number of entries for which export value under section 402 can be determined and to lessen the need for resorting to the use of alternate standards, particularly the more difficult constructed value standard.

Another difference concerns the divergent meanings given to the term "usual wholesale quantities," which is common to the two sections. Under section 402a, the term has been interpreted by administrative and judicial precedent over a long period of years to mean the quantity in which the largest number of sales is made. In section 402, however, "usual wholesale quantities" is defined as the quantity in which the largest volume of goods is sold.

In brief, section 402 provides the basic U.S. standards of valuation; it contains simplified standards made effective in 1958. Section 402a is a continuation, for certain articles, of the more rigid standards which have been in effect with minor amendments since 1930. It is limited in application to articles contained on the final list, which is not subject to administrative change.

Customs practices in the United States

As an aid to appraisement, customs maintains on file price lists obtained from domestic and foreign producers and information on prices

of imported merchandise, brokers' or agents' fees, and insurance and transportation charges. Much of this information is obtained from the documentation required for entry. Further information is obtained through direct inquiries by customs officers in the United States and by Treasury Representatives and Customs attaches stationed abroad. For administration of ASP, customs receives samples of domestic products and reports on domestic prices from U.S. producers of benzenoid dyes and pigments. In addition, a reservoir of technical information is available through the import specialists in the New York District, who have extensive contacts with the large foreign trade community in the New York area and furnish advisory opinions on request to other Customs Districts. In order to obtain uniformity of appraisement, the necessary information is distributed throughout the Customs Service. The flow of information and of advisory opinions is coordinated by the Customs Information Exchange (CIE), which circulates bulletins throughout the service in order to keep all ports current on appraisement and classification rulings.

All merchandise imported into the United States is subject to appraisement. In order to expedite liquidation of the large volume of entries, customs officials apply the standards more consistently to those goods subject to ad valorem and compound rates of duty than to those which enter either free or subject to specific duties.

Approximately 55 percent of the total value of U.S. imports for consumption in 1970 was duty free or subject to specific rates of duty. 1/

1/ See Appendix K, table 1.

In general, customs accepts the invoice prices for such merchandise, with appropriate adjustments, if necessary. However, if an invoice price is out of line with known market prices, changes are made to reflect the market price in accord with the best information available. Current market prices are occasionally used for those non-ad valorem items which are imported extensively by related firms at non-commercial prices (bananas and coffee, for example). These prices are distributed to the District Directors in order to provide the greatest possible statistical uniformity for non-ad valorem imports.

For ad valorem merchandise, however, customs follows the six appraisement subsystems previously described. The officer first determines whether the article is on the final list so as to ascertain whether section 402 or 402a applies. He then determines whether the article is subject to appraisement under the American selling price standard. If neither the final list nor ASP applies, export value as defined in section 402 is the primary standard to be applied. Under this standard customs must then determine the freely offered price for the usual wholesale quantities of such merchandise, i.e., the highest price paid by any willing purchaser at wholesale, or the highest price paid by one or more selected purchasers at wholesale, provided the price fairly reflects market value. If the purchase price of the imported goods is not a freely offered price, customs uses the price of identical goods from the same manufacturer, and if this is unavailable or unacceptable, the price of identical goods from another manufacturer, similar goods from the same manufacturer, and similar goods

from another manufacturer (all from the same exporting country as the goods under appraisement), in the order listed, in order to determine the freely offered price. Only when sales and offered sales of each of these types of merchandise to wholesalers have been exhausted without producing an acceptable dutiable value does customs pass to sales to retailers and, if it should ultimately prove necessary, to sales to consumers, in order to determine the freely offered price. When sales of each of the listed types of merchandise at each of the three trade levels have been examined without success, the appraisement process passes on to the first alternate standard, United States value, and, if this in turn proves fruitless, to the second alternate standard, constructed value.

If the imported merchandise is on the final list or is subject to ASP, different considerations apply. For articles on the final list and not subject to ASP, customs must determine both export value and foreign value, if possible, in order to select the higher of the two. The freely offered price for all final list articles is the highest price offered to any willing purchaser at any trade level for the usual wholesale quantities. If the imported merchandise is subject to ASP valuation, customs must first determine whether the imports are indeed competitive with a domestic product. Benzenoid chemicals are competitive if they are like in use,[1/] while footwear is competitive if it is like in physical characteristics. If it is determined that the imported goods have more than one domestic counterpart, the dutiable

1/ In practice, "like in use", except for a few dyes, is generally interpreted by Customs to mean identical.

value is the freely offered price of the U.S. producer whose price is closest to the price of the imported product. The ASP is usually, but not always, the lowest U.S. price. It occasionally happens that there are two ASP's, based on prices of two different U.S. producers, applicable to imports of the same benzenoid chemical from two different sources because the foreign producers sell at different prices.

In practice, the purchase price of the goods under appraisement is used as the basis for determining the dutiable value of perhaps 75 percent of the value of all ad valorem imports, and the cost of production of the goods under appraisement is used for most of the remainder. 1/ The price of identical 2/ or similar merchandise is used only infrequently as a basis for appraisement, i.e., in cases where price changes have occurred between the time of sale and the time of exportation. Although satisfactory identification of similar merchandise may be difficult, provision for its use is desirable for cases where there is no purchase price or the purchase price, for one reason or another, is regarded as unacceptable, but where acceptable prices for similar merchandise are readily available.

Many aspects of the U.S. valuation system are complex and burdensome to administer. Customs officials have developed practices which

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1/ In terms of numbers of entries, the purchase price is used as a basis for determining a still greater percent of imports. The determination of the cost of production of an article, once made (e.g. automobiles), is generally used for all subsequent entries of that article during a contract period and need not be determined for each entry.

2/ The U.S. customs makes no distinction in order of precedence as between the actual merchandise and identical merchandise produced by the same manufacturer. The freely offered price closest to time of exportation governs. Identical here refers to identical merchandise from another manufacturer.

facilitate the administration of these standards. For example, determinations with respect to the elements of time, place, quantity, and transaction level are based on the operations of individual firms. Any other approach would be impossible to administer and would preclude any extensive use of the purchase price of the goods as a basis for appraisement.

The time element presents few administrative problems. Invoice price differs from the value at the time of export only for the relatively few items whose prices fluctuate widely in a short period of time. In most cases the delay between the date of the contract and the date of exportation is short enough to permit only minor price variations. In practice, the contract price is usually accepted as the price on the date of exportation, except during periods of unusual price instability or currency fluctuations.

The dominant issue in litigation of appraisements concerns the element of place, specifically whether the merchandise was freely offered ex-factory or f.o.b. port of export. Customs maintains records of foreign manufacturers who sell ex-factory and may have information that a given foreign manufacturer does not freely sell or offer to sell on an ex-factory basis. These records do not always confirm the claim, frequently made by importers, that the merchandise was offered ex-factory and that the terms of the contract with the exporter so specified. Charges such as inland freight to the port of export may thus become subject to duty. A related but separate issue concerns the inclusion of any intermediary agent's commission in the

dutiable value. Importers may claim that these commissions are buying commissions, but customs frequently determines that they are actually selling commissions which the importer must pay in order to purchase the goods. These issues are especially important in U.S. trade with the Orient where prices are increasingly quoted on an ex-factory basis and, because of the language barrier, intermediary agents are often employed by the exporter.

The elements of quantity and transaction level are encountered in the administration of "usual wholesale quantities." Customs is required to determine the price at which the merchandise is freely offered to all purchasers in the usual wholesale quantities. If the importer is a retailer, or if the quantity is less than the usual wholesale quantity, customs will ascertain the price applicable to the usual wholesale quantities and appraise on that basis whenever the duty is materially affected. However, customs can accept the actual quantity of the entry in most cases since the "usual wholesale quantities" is determined with respect to the exports of a particular firm.

The element of competitive conditions is reflected in U.S. valuation standards in the requirement for a freely offered price. Administration of non-arm's-length transactions poses a serious problem for customs because of the growing importance of multinational firms in international trade. In some cases neither export value nor U.S. value can be used because a freely offered price does not exist. To arrive at dutiable value in this situation, customs usually resorts to constructed value or cost of production. Occasionally customs may have

to use notional authority such as is provided by sections 402(g)(1) and 500 in appraising customs values under the latter standards, or the notional authority in sections 402(e) and 402a(g) in appraising under the American selling price standards.

The time required for appraisement may vary. Importers usually know the customs value before filing formal entry papers, and a pre-entry review procedure allows them to receive notification, within two days after filing, of any changes made during a preliminary review. Approximately 90 percent of all entries pass through this preliminary review with no change. Formal notice of liquidation usually takes 6 to 8 weeks, but problem entries, including those involving possible fraud or penalty actions, may take several years.

Appeals procedures

Protests of appraisement are to be filed with the Customs District Director or Port Director within 90 days of the date of notice of liquidation or reliquidation. 1/ The District Director is required to review and act on a protest within two years from the date the protest was filed. Requests may be made for an accelerated disposition of a protest when the District Director has not reviewed the protest and acted thereon within 90 days. His failure to act within 30 days after receipt of such a request is deemed to be a denial of the protest. Prior to the Customs Court Act of 1970, most protests to Customs officials on appraisement resulted in no changes other than corrections

1/ Statutory provision for protest of an appraisement to the Bureau of Customs is found in sections 514, 515, and 516 of the Tariff Act of 1930, as amended. See Appendix G.

of clerical errors. Review on a higher level by Customs officials who did not participate directly in the decision which is the subject of the protest may be sought by the protesting party in lieu of review by the District Director, provided the issue is (1) an alleged failure to follow a published Customs ruling, (2) a question of law or fact which has not been ruled upon by the Commissioner of Customs or the courts, or (3) a matter previously ruled upon but involving new facts not considered in connection with the previous ruling. The importer may bring a civil action in the United States Customs Court to contest the denial of any protest. Appeals from decisions of the Customs Court may be made to the U.S. Court of Customs and Patent Appeals (C.C.P.A.) in cases involving questions of law. If the C.C.P.A. rules against the importer, he may petition the Supreme Court of the United States for a review by a writ of certiorari.

During fiscal year ending June 1972, the customs courts decided 41 valuation issues affecting hundreds of shipments. The results of the rulings during that period were 32 issues won by the government involving $3.6 million in contested duties and 9 issues won by importers involving $0.3 million in contested duties. The reported amounts of contested duties involved in these issues included the amounts on hundreds of shipments wherein civil action had been filed with the court but court action had been held in suspension pending a decision on an identical issue. The decisions involved 24 issues before a single Customs Court judge, 12 issues before an appellate panel of three Customs Court judges, and 5 cases before the Court of Customs and Patent Appeals.

Much appraisement litigation concerns the "ex-factory - f.o.b. port of export" issue discussed in the prior section. A large portion of the remaining litigation concerns constructed value and cost of production determinations made by Customs in appraising goods sold between related parties.

U.S. manufacturers, producers, and wholesalers may also petition the Commissioner of Customs for a review of the customs appraisement of a particular imported article like that sold by the petitioner. If the petitioner is dissatisfied with the Commissioner's decision, he may contest the appraisement in the customs courts. Such cases are rare.

Constitutional requirements for valuation standards

A legislative history of the various U.S. valuation standards shows that standards which include freight and insurance in dutiable c.i.f. value have had doubt cast upon their constitutional validity in congressional debates and reports. The doubt was premised on the belief that there was a lack of uniformity or the possibility of preferential treatment. It seems appropriate, therefore, to include in the report a brief comment on the judical precedents on the subject. The doubt has been based on two constitutional provisions in Article I, consisting of section 8, clause 1, and section 9, clause 6, which read, respectively:

> The Congress shall have power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States; but all duties, imposts, and excises shall be uniform throughout the United States.
>
> No preference shall be given by an regulation of commerce or revenue to the ports of one state over those of another * * *.

The underscored provisions are relevant to the subject of discussion.

There appears to be no interpretative judicial precedent on these provisions based on duties per se. However, the requirement of uniformity has been examined with reference to other taxes and the principles of the decisions might apply equally to duties. The United States Supreme Court has held that the uniformity required by the Constitution for excise taxes is geographical uniformity, not uniformity of intrinsic equality and operation. 1/ By geographical uniformity is meant the laying of the same amount of tax on the same articles in each state, not uniformity in the sense of the collection of the same amount of tax from each state. Thus, a tax may operate unequally by reason of the unequal distribution or existence of the article among the respective states. It seems, however, that this interpretation does not answer the question of the constitutionality of unequal customs valuation for duty purposes in different states (which would be the case under a c.i.f. scheme) as opposed to unequal distribution of the article in different states.

1/ Knowlton v. Moore, 178 U.S. 41 (1927).

An f.o.b. customs valuation scheme may also result in unequal valuation. Identical goods entering the United States from different points of origin may be valued unequally because of their different sources. Any inequity, however, would result from the differences associated with the sources of the goods since the valuation of identical goods from the same source would be uniform throughout the United States regardless of which port the goods entered. On a c.i.f. basis, however, identical goods from the same source could be valued differently, depending upon the location of the U.S. port of entry. F.o.b. valuation, therefore, does not favor one state over another or one port over another, since, whatever the valuation may be, it is assessed uniformly throughout the United States. C.i.f. valuation of identical goods from the same source--because it may differ depending upon the U.S. port of entry--can result in unequal valuation among different states or the ports of the same states.

Although the Supreme Court has never addressed itself directly to this customs valuation issue, some lower courts have applied the Knowlton concept of geographical uniformity to encompass the same tax rate levied on a changing tax base. 1/ The Supreme Court has also interpreted the uniformity clause to require only that "the law shall be uniform in the sense that by its provisions the rule of liability shall be the same in all parts of the United States." 2/ Although this

1/ Standard Oil Co. v. McLaughlin, 67 F.2d 111 (1933); Miniature Vehicle Lending Corp. v. U.S., 266 F. Supp. 697 (1967).
2/ Florida v. Meldom, 273 U.S. 12, 17 (1936).

last statement must be considered obiter dictum, lower courts have used the principle when interpreting the uniformity clause. 1/

As to the preference clause, the Supreme Court has held that a preference resulting from geography, so long as it is reasonable, is not a preference given to the ports of one state over those of another. 2/

1/ Heitsch v. Kavanaugh, 200 F.2d 178 (1952), cert den. 345 U.S. 939 (1952).

2/ Alabama Great Southern R. Co. v. U.S., 340 U.S. 216 (1950).

Valuation Methods of Other Countries

Countries which did not apply the Brussels Definition in September 1972, accounted for 36 percent of free world imports in 1970, were the source of 50 percent of U.S. imports, and were the market for 47 percent of U.S. exports. The valuation methods of four of these non-Brussels countries, are given special study in the following pages--Australia, Brazil, Canada, and Mexico--as is the valuation system of Japan, prior to that country's adoption of the Brussels Definition of Value in September 1972.

Australia and Canada generally base dutiable value on domestic prices in the country of exportation, Brazil fixes dutiable value at the port of importation, and Mexico uses official prices established by the government. Many of the remaining non-Brussels countries, which account for a significant share of world imports, value imports on a c.i.f. basis, using a normal price concept comparable to that of the Brussels Definition. Notable exceptions are: Hong Kong, which for most articles is a free port; Taiwan, which uses the wholesale price of the goods at the port of importation less the import duty and an allowance of 14 percent for costs and profit, or, as an alternative, the true c.i.f. price plus 20 percent; New Zealand, which, like Australia and Canada, bases

dutiable value on domestic prices in the exporting country; and Switzerland and Venezuela, 1/ which have tariff schedules consisting chiefly or entirely of specific rates; and South Africa, which uses a notional f.o.b. value.

Australia 2/

Australia values imports for duty purposes f.o.b. port of export. Dutiable value is defined as the actual money price paid by the Australian importer, or the "current domestic value" of the goods, whichever is higher, plus all charges payable for placing the goods free on board at the port of export. The actual money price is adjusted to disallow any discount or other deduction allowed to the Australian importer which would not ordinarily have been allowed to every other purchaser on the date of exportation of an equal quantity of identical goods. The current domestic value of the goods means the amount for which the seller of the goods to the purchaser in Australia sells or is prepared to sell for cash on the date of exportation the same quantity of identical goods to any and every purchaser in the country of export for consumption in that country. Thus Australia bases dutiable value on the higher of (1) the actual f.o.b. transaction price adjusted to disallow any special discount, or (2) the value on the date of exportation of the same quantity of identical goods sold for domestic consumption in the country of export plus all charges necessary for placing

1/ Venezuela is expected to change over to an ad valorem tariff in 1973.

2/ See appendix D9 for the text of the Australian valuation provisions.

the goods free on board at the port of export. The alternate to actual transaction value, the current domestic value, is similar to the foreign value standard used by the United States under section 402a. Most Australian imports are valued on the basis of current domestic value.

Whenever the dutiable value is difficult to determine, because the goods are not sold for consumption in the exporting country, or are sold only to exclusive agents; or are imported under any other unusual conditions, the Minister for Customs and Excise may determine the dutiable value at his discretion. Customs officials attempt to use this authority in an equitable way, determining dutiable value, after discussions with interested parties, on whatever basis is available and reasonable. Examples of the types of goods which may be valued under this provision are works of art, computers, automotive or electronic parts, leased goods, and intermediate chemicals for captive use. Works of art may be valued by expert appraisal. Other products may be valued at cost of production plus an allowance for selling costs and profit. If the exporter agrees that the value so established is the current domestic value, entry is made under the usual valuation provisions, as Customs prefers to use the Minister's discretionary authority only when its use is unavoidable.

The Customs Tariff provides "support values" for certain specified products madein Australia. If the landed, duty-paid cost of an imported product is less than the support value established for that product, the importer must pay, in addition to the regular import duty, an additional duty equal to 90 percent of the difference between the landed, duty paid cost and the support value. Support values have

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been fixed for a number of chemical products, including synthetic resins, synthetic rubber, ethylene glycol, and triethanolamine. Products covered by support values account for only a small proportion of all Australian imports.

Whenever the Collector doubts the accuracy of the declared value of dutiable goods, he may detain the goods and assess their value on whatever basis he deems appropriate. If the importer objects to the appraised value, he may request expert appraisal; but if he then refuses to pay the duty based on the value as assessed by the Collector or ascertained by expert appraisal, his goods may be sold by the Collector.

In cases where expert appraisal is not requested and a dispute arises as to the amount or rate of duty payable which cannot be reconciled by consultation with the Regional Customs Administration, the importer may make an administrative appeal to the Minister for Customs and Excise, or he may pay the duty under protest and take subsequent legal action. He may begin legal action, however, only if he paid under protest and only within six months after payment of duty. In administrative appeals, each side bears its own costs; in court proceedings, however, the unsuccessful litigant may be ordered to pay all costs.

In order to prevent undervaluation of goods subject to ad valorem duties, Australian law provides that the customs, at any time before sale and delivery to a person who purchased and took delivery in good faith and without any knowledge of the entry, may purchase any imported

goods for the declared value plus 10 percent. It is believed that there are few if any occasions when this feature of the Australian law has been invoked.

There have been complaints by GATT members against the system of support values, as well as complaints against current domestic value and the customs investigations necessary to establish that value. Those against current domestic value allege that this standard introduces an element of uncertainty as to the amount of duty which the importer will have to pay, that it works a hardship on developing countries, and that the investigations necessary to establish current domestic value might result in the disclosure of business secrets. Some U.S. exporters have complained that certain products which had no domestic sales were valued by Australian Customs at cost of production plus the usual profit on finished products, although the products in question were not finished products. The result, according to the exporters, was over-valuation and loss of sales to a foreign competitor. If they cut their price in an effort to meet the competitor's price, they are liable to run afoul of Australia's antidumping laws. This problem has been solved in some cases by making sales in the United States and thus establishing a current domestic value.

Brazil [1/]

The primary standard of valuation used by Brazil to determine the dutiable value of imported goods is the "normal price," i.e., the price

1/ See appendix D10 for the text of the Brazilian valuation provisions.

which those goods or similar goods fetch at the time of importation at a sale carried out in conditions of free competition for delivery at the port or place of entry of the goods into the country. The law states that the invoice price may be taken as indicative of the normal price.

A Finance Ministry directive states that the basis for calculation of ad valorem duties shall be the price at which the merchandise is normally offered for sale in the wholesale market of the exporting country, plus expenses to the port of entry, less, where applicable, any internal consumption taxes which are recoverable on export. The directive further states that the price declared by the importer on the import permit will, when verified by competent authority, be taken as the basis for calculation of the duty. According to an instruction from the Secretary of Federal Receipts, special discounts for quantity purchase or advance payment are not allowable in calculating the dutiable value.

While, in general, the invoice price is accepted as the base for dutiable value, Brazilian law provides two supplemental methods of valuation to be used in special cases. On certain specified products, "minimum values," established by the Customs Policy Council, are used as the dutiable value unless the invoice price is higher. The Customs Policy Council has broad authority to establish minimum values as a basis for the assessment of ad valorem duties. This authority has been exercised in cases of dumping, in cases where price fluctuations made it difficult to establish the dutiable value, to prevent harm to

a domestic industry, and to combat fraud. Complaints by GATT members indicate that minimum values have been established for more than 200 products and that the minimum-value system constitutes a prohibitive barrier to imports of some products. Recently the number of products subject to minimum value has been reduced, and the minimum value of some products, principally dyes, has been lowered.

In addition to the minimum-value system, Brazilian law provides for "base prices," also referred to as "reference prices" or "index prices." Whenever Brazilian production of a commodity is prejudiced by a general drop in import prices or by substantial price differences among several supplying countries, the Customs Policy Council may establish a base price, which is determined from the normal wholesale price in the country of origin, from export prices to third countries, from production costs, or from c.i.f. import prices. It is to be recalculated every six months and may be removed by the Council if the abnormal price characteristics no longer exist. On entries for which the declared value is less than the established base price, a specific duty, equal to the difference between the declared value and the base price, is levied in addition to the usual ad valorem duty calculated on the base price. As of August 1971, base prices had been established for 12 items, including aluminum, nylon textiles, tools, certain chemicals, and toys. More recently, the Customs Policy Council has established base prices for certain dyes in lieu of previously existing

minimum values. It is estimated that minimum values and base prices apply to no more than 10 percent of Brazilian imports.

For most products the Brazilian importer must secure an import permit and sign a contract for foreign exchange before ordering goods from abroad. Certain products regarded as essential for the economic development of the country are eligible for preferential exchange rates. The application for an import permit is submitted with a published catalog or list of prices, or with a pro-forma invoice if these are not available, to the Foreign Trade Department of the Bank of Brazil. Some U.S. exporters have complained that the Bank of Brazil will not issue an import permit if the price of the goods in question is higher than the lowest recent price at which the goods have been imported into Brazil, even if the lowest price represents an instance of dumping. Exporters state that they are afraid to give distributors' discounts for fear that they may be required to sell at the same price to all other Brazilian buyers. To the extent that this is the practice, it indicates that the tendency of the Brazilian import control system, except for the relatively small number of products for which minimum values or base prices have been established, is to depress dutiable values in order to reduce costs and conserve foreign exchange rather than to uplift them for revenue or protection.

When Customs officials challenge the declared value, they have eight days to determine a new value. The importer then has 30 days in which to protest the new value, and a decision on a protest must be rendered within another 30 days. While the value is in dispute, the importer's

declared value is provisionally accepted for the purpose of clearing the goods, but the importer must post bond or make a deposit covering the claimed difference pending a final determination of the dutiable value.

Appeals concerning the valuation of imported merchandise are heard by the First Chamber of the Brazilian Superior Tariff Council. If the Council decides against the importer, he may appeal to the Minister of Finance, who, before making a decision, must refer the matter to the Customs Policy Council. If the Minister decides against the importer, the latter may appeal to the courts. If the final decision goes against the importer, he must pay a fine amounting to either 50 or 100 percent of the difference between the declared value and the verified value. Appeals on valuation are rare in Brazil; most appeals are concerned either with classification or with penalties for discrepancies in quantity.

Canada 1/

Canadian valuation standards generally equate dutiable value with value in the country of exportation. The primary Canadian standard--known as "fair market value"--is based on the price of like goods sold for domestic consumption at the time when, and place from which, the goods were shipped directly to Canada. When fair market value cannot be determined, dutiable value is based on the cost of production plus

1/ See appendix D11 for the text of the Canadian valuation provisions.

an allowance for gross profit. Under specified circumstances, the Governor in Council or the Minister of National Revenue is authorized to prescribe the manner in which dutiable value is to be determined. Finally, however determined, the dutiable value may not be less than the price at which the goods were sold to the Canadian importer at the time and place of direct shipment to Canada, less any decline in the fair market value of the goods between the time of purchase and the time of shipment.

Canadian law defines fair market value as the value of like goods at the time and place of export, sold at arm's length under competitive conditions for domestic consumption, to buyers at the same or substantially the same trade level as the importer, in the same or substantially the same quantity, and in the ordinary course of trade. The place of export is defined as the point where the goods begin their continuous journey consigned to a point in Canada. If the conditions necessary for the determination of fair market value cannot be met, the customs law provides alternate techniques. For example, if no sales for domestic consumption were made to buyers located at the place of exportation, prices to buyers located nearest thereto may be used; or if no sales occurred at the time of export, the most recent sales price prior to the time of exportation that fairly reflects the market value of the goods may be used. If no sales were made to domestic purchasers at substantially the same trade level as the importer, prices at the nearest subsequent level may be substituted. In this case, however, the price is adjusted to reflect the differences in

commercial charges payable by purchasers at each of the two trade levels concerned.

When like goods are not sold for domestic consumption in the country of export (or are sold under conditions which preclude determination of fair market value) but similar goods are sold, dutiable value is based on the cost of production of the imported goods plus an allowance for gross profit based on the percentage of profit earned on similar goods.

Under a variety of circumstances, Canadian law authorizes the Minister of National Revenue to prescribe the manner in which the dutiable value is to be determined. He may do so whenever he finds valuation impracticable under the regular valuation standards. He may also do so if the imported goods are intended for packaging, assembly, or further manufacture in Canada; are used or obsolete; are not of prime quality; or constitute job lots.

Complaints on Canadian valuation practices by GATT members and by U.S. exporters generally involve fair market value or value based on cost of production. It is alleged that the determination of cost of production requires business firms to divulge information which they would prefer not to disclose, and that this could tend to hamper exports to Canada. It is also alleged that certain valuation techniques used can lead to artificially high dutiable values. Some of the less-developed nations have complained that fair market value works a hardship on them, because owing to inflation and scarcities, their domestic prices are higher than prices in other countries.

Consequently their exports to Canada, priced at the domestic level, are often not competitive with exports from industrialized countries.

Appraisement decisions made at the time of entry are final unless they are appealed within 90 days to the Dominion Customs Appraiser, whose decisions may be appealed within 90 days to the Deputy Minister of National Revenue (Customs and Excise). Anyone adversely affected by the Deputy Minister's decision may take an appeal to the Tariff Board within 60 days. Final appeal is to the Federal Courts, where formal, legal procedures, which generally require the employment of counsel, are in effect.

The Tariff Board, which is the primary appeals body independent of the customs administration, hears many cases without charge to the appellant either for filing or presentation. The appellant need not be present at the hearing. The Board rules only on appeals involving specific imports through a particular port on a given day. Such rulings are then applied by customs to all imports of like goods. During the 5-year period 1966-71, the Tariff Board heard about 140 appeals, of which 95 cases dealt with tariff classification and another 35 cases dealt with the application of sales and excise taxes. Only 10 cases dealt with determinations of dutiable value.

Japan 1/

Japan acceded to the Brussels Convention on Valuation June 1,

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1/ See appendix D12 for the text of the Japanese valuation provisions prior to Japan's adoption of the Brussels Definition of Value in September 1972.

1972, and began applying the Brussels Definition of Value September 1, 1972. Accession to the Brussels Convention involved relatively little change from prior Japanese valuation practices despite the fact that Japan had a system of positive valuation standards and a provision for valuing on the basis of the price for ordinary wholesale quantities. The valuation provisions in effect prior to September 1972 are discussed in the following paragraphs.

Japanese law prior to September 1972 provided a primary valuation standard and four alternate standards, all of which valued imports c.i.f. port of importation. The primary standard equated dutiable value with the price of the imported goods sold in ordinary wholesale quantities at arm's length in the exporting country at the time of exportation, less any recoverable taxes paid in the country of exportation, plus the ordinary expenses incurred up to the arrival of the goods at the port of importation. Freight and insurance charges for ocean freight were used in calculating dutiable value in lieu of the actual expenses of air freight.

In case the dutiable value of goods could not be determined in accordance with the primary standard, or in special cases prescribed by Cabinet Order, the dutiable value was determined in accordance with the following alternate standards in the stated order of precedence.

(1) The invoice price of the imported goods was adjusted with reference to other data, if possible, to compute a price equivalent to the dutiable value as defined by the primary standard.

(2) If the price of the imported goods cannot be determined, dutiable value was based on the price of identical or similar goods which arrived at the port of importation at the most recent date before the arrival of the goods concerned.

(3) If the dutiable value could not be computed in accordance with the preceding standards, it was calculated from a price-list of identical or similar, goods prepared in the country of exportation by a manufacturer or seller of such goods. This price was then adjusted to a c.i.f. basis.

(4) Finally, when all other methods failed, dutiable value was based on the Japanese wholesale price of identical or similar imported goods adjusted to a c.i.f. basis.

Whenever the price of identical or similar goods was used as a basis for determining dutiable value, customs made any adjustments necessary to compensate for differences in quality or condition between identical or similar goods and the goods concerned.

Some U.S. exporters have complained of adjustments made in the invoice price by Japanese customs officials under the first alternate standard in order to approximate the dutiable value specified by the primary standard. These adjustments, often called uplifts, usually amounted to an increase in the invoice price of 10 percent or less, although the uplift on a few products has reportedly ranged up to 100 percent. The purpose of these adjustments was to include agent's commissions, advertising allowances, or other similar items in the

dutiable value or to approximate a competitive price in import transactions between related companies. In general, uplift did not appear to be a major problem in trading with Japan.

A person or firm who disagreed with an appraisement could submit a complaint to the District Director in writing. If the complainant was not satisfied with the decision of the District Director, he could submit a written request for review to the Minister of finance, who made a final decision after consulation with the Customs Duties Complaint Examination Council. If the complainant was not satisfied with the decision of the Minister of Finance, he could file suit in the Federal Court of Japan. In 1968 three valuation cases reached the District Customs Directors and there were none in 1969. The text of current Japanese regulations for appeal is not available but, presumably, does not differ materially from those described above.

Mexico 1/

Under the Mexican valuation system, dutiable values are based largely on "official prices" determined by the government. The primary valuation standard is the official price or the invoice price, whichever is higher. Since official prices have been established for most imports and are generally higher than invoice prices, dutiable values are usually based on official prices. When no official price has been established, the value for duty is designated as the invoice price at the place of purchase. If there is no invoice price, or if the invoice price is suspect, the examiner at the port of entry is directed to estimate the dutiable value of the goods concerned on the basis of whatever information is available to him.

Official prices are established by the Secretary of Finance and Public Credit. The Secretary is directed to base such prices, first, on the prevailing wholesale price of the merchandise in the principal exporting country as determined from company brochures, price listings in trade journals, official government reports, or information supplied by the manufacturer. Prices fixed in this way may be higher than many actual wholesale transaction prices. Second, if the wholesale price in the exporting country cannot be determined, the official price is based on wholesale prices of equal or similar merchandise in Mexico City or in other important Mexican markets. Finally, if the wholesale price in the principal country of export is "notably less" than the

1/ See appendix D13 for the text of the Mexican valuation provisions.

cost of production or wholesale price of similar Mexican merchandise, the official price is fixed on the basis of the current Mexican wholesale price or cost of production.

Under Mexican law, the Secretary of the Department of Finance and Public Credit is supposed to recalculate the official price each time there is a change of 10 percent in the price upon which the official price was based. It has been reported that frequent changes take place in the official price, 1/ since this is administratively easier than changing ad valorem rates. If an importer is dissatisfied with a classification decision (which indirectly determines valuation), he may initially appeal the decision to the Customs Director (a division of the Mexican Treasury Department). However, the official price as such cannot be appealed.

More important than official prices in controlling Mexican imports is the import licensing system. However, this is a matter beyond the scope of a study on customs valuation.

1/ King, T., "Mexico-Industrialization and Trade Policies Since 1940" p. 75 (Paris, O.E.C.D. Development Centre, 1970), Oxford University Press.

Comparison of Valuation Standards

Because of the wide differences in contract conditions under which people trade, no one method or technique of determining value can be applied to all transactions. Generally a country has either a positive valuation system consisting of a primary standard and one or more alternate standards, certain elements of which are often notional, or a notional system consisting of a single standard with various techniques for determining the value specified by the one standard. The most practical way of comparing the various valuation standards of the United States and other major trading countries is by the principal conceptual elements of value which, considered together, specify the value defined by the standard. The elements discussed are merchandise valued, time, place, quantity, transaction level, and conditions of competition. This section also includes a discussion of the positive or notional nature of the various standards, the techniques used to determine the value, and the ease or difficulty of making appeals.

Merchandise valued

A principal element of concern in any valuation system relates to whether the dutiable value of an imported article is to be based on its actual purchase price, or alternatively on the price of a like or similar article, or on some other basis. In general, dutiable values are based on prices for one of the following types of merchandise:

1. The goods under appraisement
2. Identical goods from the same manufacturer as the goods under appraisement
3. Identical foreign goods from other manufacturers

4. Similar foreign goods

5. Identical or similar goods produced in the importing country

The Brussels Definition bases valuation primarily on the goods under appraisement but permits use of identical or similar foreign goods when necessary. Brazilian standards and the principal standards used by the United States specify the actual goods, or identical or similar foreign goods, generally in that order. In all of these countries, the actual transaction price of the imported goods is generally accepted as the basis for calculating dutiable value; valuation based on identical or similar goods is relatively infrequent.

Australia and Canada, recognizing a possible difference between the actual transaction price of an imported article and the price of identical goods sold for domestic consumption in the exporting country, use the higher of the two as a basis for determining dutiable value. This practice usually results in valuation based on identical foreign goods.

Mexico publishes a list of official prices covering most of its imports and specifies that either the purchase price of the imported goods or the official price , whichever is higher, be used as the basis for ad valorem duties. The official price , which is generally fixed at the price of identical goods and is supposed to be changed whenever the price of such goods changes by 10 percent, prevails in most cases.

The American selling price standard used by the United States for valuing benzenoid chemicals and a few other specified products which have a domestically produced counterpart bases valuation on

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similar goods produced in the importing country. This standard is applied to about one percent of the value of all U.S. imports subject to ad valorem duties. Although customs valuation based upon goods of national origin is contrary to Article VII of the GATT, it may occasionally be used in other countries as a last resort when better means for arriving at the value of the imported goods do not exist.

To generalize, the actual transaction price of the goods under appraisement is the dominant practical base for determining dutiable value in Brazil, the Brussels countries, and the United States. Australia and Canada rely chiefly on the price at which identical goods produced in the exporting country are sold for domestic consumption in that country, while Mexico uses officially established values, which are generally based on prices of identical goods.

Time

Since the value of an article being imported may vary between the time it is ordered and the time it is delivered, a time for determining value is generally specified as an element in customs valuation standards. This time is usually either the time of exportation or the time of importation. The customs valuation standards of the United States, Australia, and Canada, 1/ use the time of exportation; those of Brazil, and the countries applying the Brussels Definition use the time of importation; and that of Mexico makes no specific reference to time.

1/ Canadian standards specify the time of shipment.

An importer seldom buys his goods either at the time of importation or at the time of exportation. Purchases are generally contracted prior to exportation; custom-made articles may be shipped and delivered a year or more after the time of order. In practice, customs officers have found that during the time intervals involved for most importations prices do not change significantly. U.S. customs officers make adjustments for any known price changes. The Brussels countries usually accept the actual transaction prices if there is timely delivery in due course of trade (usually interpreted as within 6 months). Brazil generally requires that the invoice price be the same as the price shown on the import permit and thus rules out any adjustments for price changes. Australia and Canada rely on the exporter to give, respectively, the correct current domestic value as of the date of exportation or the fair market value as of the date of shipment. Thus, insofar as the element of time is concerned, it appears that the actual transaction price is, with some exceptions, generally accepted by the countries herein considered.

Place

Because the value of goods is likely to be increased by the accumulation of expenses and related costs as the imported merchandise moves from its place of production to markets in importing countries, valuation standards include an element, referred to hereinafter as "place", defining the particular geographic location as of which the value of imported goods is to be determined. Thus, the closer the place for customs valuation purposes is to the market of the importing

country, the higher the customs value is likely to be. In comparing the customs valuation standards of different countries, place is probably the most important single element to examine owing to its considerable influences on the height of the customs valuations obtained. For this reason, the significance of the various places included in customs valuation standards is discussed, first, by comparing the differences in the location of place, and, then, by comparing the differences in the expenses reflected in the values associated with those locations.

Location of place.--Simply stated, customs valuation standards determine the value of imports as of a place either in the country of exportation or in the country of importation.

All U.S. standards except American selling price have the effect of determining value as of the principal markets of the country of exportation. Australian standards determine value as of the port of export, while Canadian standards determine value as of the place from which the goods were shipped directly to Canada. Mexican official values are generally based on prices in the principal country exporting the goods to Mexico, although in some cases they are based on the Mexican wholesale price; once these official values have been fixed, however, place becomes irrelevant to their application.

Brazil and the Brussels countries determine value as of the port or place of importation. The U.S. standards of American selling price determine value at the principal U.S. market for the domestic article.

Whatever the place specified by a standard, customs must, in appropriate cases, adjust a base value or price, to conform to the specified place by adding or subtracting known charges. Thus, a c.i.f. price may need to be adjusted to conform to an f.o.b. standard by subtracting freight, insurance, and other costs of bringing goods from the foreign port to the port of entry while an f.o.b. price may need to be adjusted to conform to a c.i.f. standard by adding such costs. For most standards, adjustments of this nature are made administratively when circumstances require it. Recognizing the need for adjustments of available prices to determine value as of a particular place, some alternate standards specify starting with one price or value and then set forth the adjustments which must be made to arrive at value as of the place desired for the standard. For example, United States value, used by the United States as an alternate standard, specifies place as the principal wholesale market of the United States, and then provides a deduction for profits and general expenses as well as for direct charges such as transportation, commissions and duty in order to reach what is, in effect, the value in the country of exportation.

Expenses associated with place.--Standards specifying place at or near the point of production include fewer expenses than those specifying place at or near the final market, since expenses increase as the product moves farther from its point of manufacture. The significant expenses associated with place are the costs of packing,

freight, insurance, loading and unloading, buying and selling commissions, brokerage, documentation, interest, storage, and certain non-refundable taxes.

U.S. standards specifying price in the principal market of the exporting country (and Mexican official values to the extent that they are based on price in the market of the exporting country) require the inclusion of any freight or other costs to that market. 1/ Australian and Canadian standards require the inclusion of costs to the port of export or place of direct shipment, respectively.

The Brussels Definition and the Brazilian standard specify that all costs to the port of importation are to be included in the customs value. The statutes of the individual countries applying the Brussels Definition are generally quite specific as to expenses associated with place and time. The Brussels Definition itself simply specifies that the goods are treated as having been delivered to the buyer at the port or place of introduction into the country of importation and that the associated treatment of time be either the time at which the entry is presented or registered, the time of payment of custom duty, or the time of clearance.

1/ U.S. customs officials frequently find that the port of exportation is a principal market of the exporting country. When the usual commercial practice is to sell ex-factory or warehouse, that location may also be accepted as a principal market. Approximately half the litigation in recent years on U.S. customs valuation represents attempts by importers to have their goods valued ex-factory or warehouse and thus avoid having inland freight charges to the port of export and intermediary agent's commission counted in the dutiable value.

As the foregoing comparisons show, the Brussels Definition and other c.i.f. standards specify place at a point farther from the point of manufacture, and therefore include a greater accumulation of expenses, than any of the other standards under consideration. Some countries using these standards differ among themselves in their treatment of the expenses of freight. For example, the former Japanese law provided that the expenses of the usual method of transportation other than air be used in lieu of the expenses of air transportation. The countries of the European Community include the full cost of air freight, prorated to the border of the Common Market, provided the value of the goods is increased by the use of air freight. If air freight does not add to the value of the goods, the usual cost of surface transport is used instead. The European Community similarly prorates sea and land transport costs to an interior port on the basis of costs to the customs border of the Community.

Expenses associated with place for American selling price are those required to place the domestic article in its principal U.S. market. Once Mexican official values have been fixed, they are not adjusted in accordance with the costs that may be involved in each individual entry.

Quantity

A specification fixing the element of quantity is necessary in a customs valuation standard because prices may vary according to the quantity purchased. The United States and other major trading countries use different approaches to the quantity element, but in practice

the quantity considered is generally the quantity under appraisement. Australia, Canada, and the countries using the Brussels Definition generally specify the actual quantity under appraisement, whereas the United States specifies usual wholesale quantities. The pertinent Brazilian statute and directives are unclear, and quantity is irrelevant to Mexican official values.

U.S. valuation standards refer to "usual wholesale quantitites." For articles not on the final list, the term means the quantity in which the largest volume of goods is sold by a given seller; for articles on the final list, it means the quantity in which the largest number of sales is made by a given seller. In practice, however, the United States usually values the actual quantity under appraisement. The former Japanese law also specified "the ordinary wholesale quantity."

The standards of the Brussels countries and Brazil imply the actual quantity imported. Brazilian regulations, however, specify the normal wholesale price and thus seem to imply wholesale quantities, but other regulations disallow any quantity discounts. In practice, it is believed that Brazil, like the Brussels countries, accepts the price of the actual quantity under appraisement. Australia and Canada specify the same or substantially the same quantity as the imported goods. Australia allows quantity discounts if they are equally available to all other purchasers of the same quantity, and Canada allows them to the extent that they are allowed in the exporting country.

Transaction level

A specification defining the transaction level contemplated is important in establishing customs value because prices generally increase as an article passes from the manufacturer through the distributor, wholesaler, and retailer to the ultimate consumer. Several different approaches to the element of transaction level are expressed in the various standards under consideration.

U.S. standards like the former Japanese standards, specify value at the wholesale level. For the United States the term "wholesale" generally means sales to industrial users or wholesalers. In practice, however, both countries have valued most commercial entries at the actual transaction level. The Brussels countries and Canada generally appraise goods at the level at which the importer actually purchased them. The Brazilian law seems to contemplate value at the actual transaction level, but implementing directives of the Finance Ministry specify that the dutiable value be based on the normal value in the wholesale market of the exporting country. Australia requires only that the price be one at which the same quantity of goods is freely offered to all purchasers, thus indirectly specifying the transaction level, which need not be either the wholesale level or the actual transaction level. Mexico requires appraisement at its official prices, which are fixed at the wholesale level, or at the invoice price if that is higher or if no official price has been fixed.

In summary, there are distinct differences in the treatment accorded to the related elements of quantity and transaction level by the laws

of the various countries under consideration. In practice, however, most of these countries value goods in the actual quantity imported and at the trade level of the actual import transaction.

Competitive conditions

The conditions of competition under which transactions take place vary widely and can cause considerable differences in price; consequently it is necessary that a valuation standard specify the competitive conditions contemplated. The invoice price in a given transaction, depending on the degree of competition present, may or may not reflect all of the considerations involved in the transfer of the goods from exporter to importer. Transactions that frequently include the exchange of considerations in addition to the invoice price are those between a parent company and its subsidiary and those involving patents, trade-marks, and exclusive franchises.

Most countries attempt to include these other considerations in the customs value either by adjusting the invoice price to make it conform to the competitive conditions required by the standard or by using alternate standards not involving the use of the invoice price. U.S. valuation standards require a price freely offered in the ordinary course of trade. The Brussels Definition specifies a price in the open market between buyer and seller independent of each other. The Australian standard specifies the price at which the exporter sells the same quantity of identical goods to any and every purchaser, and disallows any discounts not available on an equal basis to every other

purchaser of the same quantity. Brazil specifies the price which the goods would fetch at a sale carried out in conditions of free competition. Canada values imports at their fair market value, which is defined as the price at which the goods are sold at arm's length under competitive conditions in the ordinary course of trade. Japan, both formerly and currently under the Brussels definition, has equated dutiable value with the price of the goods sold at arm's length. Mexico does not deal with this element specifically, but indirectly specifies conditions of free competition by its requirement that the official price be based on the prevailing wholesale price. Thus, every country considered here purports to base dutiable value on the price which prevails under competitive conditions.

Imports at discount prices for selected purchasers are treated somewhat differently by the various countries under consideration. Australia disallows discounts to exclusive agents, and the Brussels countries, with some variation in practice from country to country, do not allow any such discounts granted for services performed primarily for the benefit of the exporter. The United States may allow such discounts under the selected purchaser concept, and Canada allows them to the extent that they are granted in the exporting country. The Brazilian import control system tends to require that such discounts, once granted to a Brazilian buyer, be given to all other Brazilian purchasers. Mexican official values are applied to all imports regardless of transaction level.

Positive and notional standards and systems

The positive and notional concepts of customs valuation and their use in the customs valuation laws of the United States and various foreign countries are discussed in earlier sections of this report. It is there pointed out that so-called positive valuation systems, usually consist of a primary positive standard, and one or more alternate standards, certain elements of which are often notional. The alternate standards are to be used, generally in a specified order of precedence, whenever the value defined by the primary standard cannot be ascertained.

Notional standards, on the other hand, permit customs to select the most appropriate technique for determining dutiable value in each case. Alternate standards are not needed. Consequently, notional valuation systems consist of a single notional standard together with a variety of valuation techniques used to determine dutiable value as specified by the standard.

Brazil and the Brussels countries have notional valuation systems, while Australia, Canada, Mexico, and the United States have primarily positive systems. The Australian and Mexican alternate standards and the final Canadian alternate standard are notional insofar as they allow customs to use whatever valuation technique is deemed most appropriate under the circumstances. As indicated earlier there are specified notional elements in a number of U.S. standards in addition to a last resort authority to ascertain or estimate value by all reasonable ways and means.

Countries using either type of valuation system often have one or more supplemental standards, which are applied to a limited number of specified goods, usually for the purpose of providing special protection for domestic counterparts of the imported goods. Australian support values, Brazilian minimum values and base prices, the U.S. standards of American selling price, and the minimum import values involved in the variable levy system imposed on certain agricultural products by the European Community are such supplemental standards.

Valuation techniques

In order to ascertain the dutiable value defined by the standard, customs must apply a specific valuation technique, which generally consists of two steps: First, an appropriate transaction price, cost of production, or other value is established for the merchandise to be valued; and second, the value so established is then adjusted, if necessary, by adding dutiable charges not included and subtracting nondutiable charges in order to arrive at the value defined by the standard.

The principal types of valuation techniques used by the countries under consideration are listed below:

1. Valuation based on an import transaction price
2. Valuation based on a transaction price in the domestic market of the exporting country

3. Valuation based on a transaction price in the domestic market of the importing country

4. Valuation based on cost of production data

5. Official valuation

6. Valuation based on expected rentals (for leased goods)

7. Expert appraisal or appraisal by customs on any reasonable basis

1. Valuation based on import transaction prices is the principal kind of technique used by the Brussels countries, Brazil, and the United States (under section 402) and it has been the principal technique for Japan both under its present and former standards. In these countries, the actual transaction price for the import under appraisement is used as a base for valuation far more frequently than import transaction prices for identical or similar imported merchandise. Import transaction prices, primarily those for the goods under appraisement, are also used by Australia, Canada, Mexico, and the United States (under section 402a) whenever they produce a higher dutiable value than the use of domestic prices in the exporting country (or official prices in the case of Mexico).

2. Australia and Canada rely principally on prices for domestic consumption in the exporting country, as does the United States under its foreign value standard.

3. Prices in the domestic markets of the importing country are the basis for valuation under the alternate techniques of actual or expected realization used by the Brussels countries and under the United States value and American selling price standards used by the

United States. The foregoing, except American selling price, are based on prices of imported goods and must be adjusted by subtracting customs duty, importer's profit, freight charges and other costs involved in moving the goods from the place specified by the standard to the domestic market of the importing country. Such adjustments are not needed with American selling price, which is based on prices of domestic goods in their principal U.S. market.

4. Valuation based on cost of production is specified by alternate U.S. and Canadian standards and is an alternate technique used by Australia to determine dutiable value under the Minister's discretionary authority. It may also be used at times by other countries when their usual valuation techniques fail to produce an acceptable value.

5. So-called "official" valuation, which appears to be contrary to Article VII of the GATT, is the principal valuation technique used by Mexico. As previously indicated, this technique is also the basis for Brazilian minimum values and base prices, for Australian support values, and for the support prices used by the European Community as a basis for calculating its variable levies on agricultural products.

6. and 7. Valuation of leased goods on the basis of expected rentals and valuation by expert appraisal or as estimated by customs on any reasonable basis are valuation techniques of last resort used occasionally by nearly every country.

In summary, the dominant valuation techniques used by the Brussels countries, Brazil, and the United States are based on import

transaction prices; the principal techniques used by Australia and Canada are based on domestic prices in the exporting country; Mexico bases valuation primarily on official prices established by the government. Alternate techniques are used by the Brussels countries principally as a cross-check on the validity of the invoice price in transactions between related parties and as a means of determining the percentage uplift which must be added to the invoice price to approximate a competitive price. Most other countries use alternate techniques as independent means of determining dutiable value.

Ease of appeal

Most countries afford importers the opportunity of protesting an appraisement. The first step is usually a protest to customs officials, which is generally followed by an appeal to higher administrative authority, and lastly to independent judicial bodies or the courts. A protest to the customs authorities usually involves no significant cost to the importer, whereas an appeal to the courts may entail financial risk. Australia and most of the member countries of the Brussels Valuation Convention may require the loser to pay court costs and attorney fees for the opposing side. This financial risk discourages valuation appeals to the courts in many countries, but it also encourages customs to be conciliatory and to seek agreement at the administrative level. Appeals to the courts are further discouraged in some countries, e.g., Brazil and France, where a fine may be imposed on the importer if the court upholds the valuation of the customs service.

In practice, valuation protests in most countries seldom go beyond customs officials. In the Brussels countries and others, pre-entry discussions eliminate many valuation problems between importers and customs, while post-entry consultations and subsequent administrative appeals solve most of the remaining differences. Consequently, formal appeals to the courts are seldom needed. The outstanding exceptions are the United States, the Netherlands, Canada, and West Germany. There is little financial risk in carrying a valuation case to court in any of these countries.

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PART III. CONSIDERATIONS FOR UNIFORM INTERNATIONAL STANDARDS OF CUSTOMS VALUATION

A rate of duty and customs valuation are the essential elements of an ad valorem system for imposing duties on imported goods. The level of the duty imposed is the product of these two elements, i.e., the rate times the customs value. The rate is the visible element of the duty measurable in terms of a precise percentage. The customs valuation of imported goods, on the other hand, cannot be so precisely stated, but, if properly conceived, is usually readily ascertainable.

The practice of some commentators on international trade is to label only the rate as a "tariff" barrier, and to regard the customs valuation standard as a "nontariff" barrier. The identification of the valuation standard as a "nontariff" barrier is rarely explained and is usually not well founded. Ambiguity and undue complexity in valuation standards can slow the determinations of the duty that is to be levied and impede customs clearance, but the complaints--as with the ASP system--are usually most concerned with the impact of the value standard on the levels of duty assessed. It follows that for ad valorem duties, the "tariff" barrier inevitably is the combined effect of the rate times the customs value--whatever the collateral effects of the valuation system.

Criteria for Uniform International Standards of Customs Valuation

The earlier sections of this report indicate the extensive interest in customs valuation principles that has been expressed over a period of time by those concerned with international trade policy. In response to the directive of the Senate Finance Committee and its Subcommittee that the Commission's report should discuss "uniform standards of customs valuation which would operate fairly among all classes of shippers in international trade", considerable attention has been given in this report to the valuation principles set forth in the GATT and those considered by the European Customs Union Study Group. There appears to be a consensus among the various groups concerned with tariffs that valuation should, insofar as possible, be uniform, be impartial, be based on genuine commercial values rather than on arbitrary or artificial values, be based upon prices in competitive transactions, and be based on simple principles; that valuation decisions should be fully publicized; and that eqitable appeals procedures should be provided.

The Senate Committees also asked that the Commission develop these standards after studying the customs valuation procedures of foreign countries and those of the United States. The information obtained on these customs valuation procedures has been also set forth in the earlier sections of this report.

The Commission, having considered these customs valuation principles and the valuation procedures of foreign countries and the United States, suggests that the following principles offer appropriate guidelines for uniform standards of customs valuation responding to the directive of the Senate Finance Committee and its Subcommittee.

1. Fairness to all classes of shippers in international trade
2. Consistency with commercial practice
3. Simplicity
4. Precision
5. Predictability of results
6. Ready availability of needed information to importers and to the customs
7. Provision for equitable review procedures

These 7 principles are not mutually exclusive; they are obviously interrelated in varying degrees. A valuation system which failed to meet the requirements of any of principles 2 through 7 listed above would ipso facto be unfair. Thus a system which based valuation on arbitrary values rather than on commercial transaction prices, one which is unduly complex, one which is unnecessarily vague or ambiguous, one which leads to unexpected results, one which requires information not easily available, or one which lacks equitable review procedures could easily produce unfair valuations or result in long delays in final appraisement which would be unfair in and of themselves. These principles of valuation are discussed individually below.

1. Fairness.--The first principle to be considered is that of fairness to all classes of shippers in international trade, as directed

by the Senate Committees. To place this principle in context, attention is directed to the fact that the Senate Committees' desire to have a thoroughgoing customs valuation study was prompted by provisions in the Trade Act of 1970, as passed by the House, which would have provided for Presidential action designed to eliminate the much debated and highly controversial American selling price system currently in effect for certain benzenoid chemicals, clams, and wool knit gloves. 1/ The Committee desired that an over-all examination should be made of the valuation systems presently in use by the United States and its trading partners, with a view to developing standards which would be fair to all classes of traders and which could be uniformly applied by all countries.

Sovereign states have long used import duties as a means of raising revenue and as a means of protecting domestic producing interests. The tendency or effect of any levy of duties on imported goods is to distort the patterns of trade which might otherwise have occurred in the absence of the import levy. The persons and interests promoting free and fair competition in the international markets of the world generally are seeking the elimination or reduction of both "tariff" and "nontariff" barriers and the trade distortions they produce.

1/ The Act as passed by the House did not contemplate elimination of American selling price for valuation of certain footwear.

Insofar as ad valorem tariffs are concerned, however, it seems clear that, so long as they are among the instruments used by soverign states to carry out their international trade policies, a prime object or principle of those who are interested in promoting fair international trade--including the Senate committees in question--is, to the extent practicable, to establish a customs valuation system suitable for uniform international application which does not involve fixed elements of definition that inevitably discriminate or tend to discriminate between classes of traders. In other words, the Committees seek a customs valuation system so designed that customs valuations made in accordance therewith are in effect and to the greatest practicable degree a "neutral constant" in the duty formula, as applied to all classes of traders, thereby providing for the rate of duty the sole role of expressing--on a visible scale--the quantum or degree of duty or the incidence of protection intended.

A corollary to the foregoing principle is that a customs valuation system that does not meet the requirements of the principle is not fair; and, hence, should be appropriately modified to eliminate its tendency or effect to discriminate between classes of traders.

2. Consistency with commercial practice.--A valuation standard should be consistent with commercial realities and should never be arbitrary or artificial; this means, a valuation standard based upon a commercial transaction price of the goods under appraisement.

3. Simplicity.--A valuation standard should be defined as simply as possible to facilitate understanding and ease of administration.

4. Precision.--The elements of a valuation standard should be defined with sufficient accuracy or precision in order to minmize differences in interpretation and delays in making final determinations.

5. Predictability of results.--When dutiable values are predictable, the business of exporters and importers alike is greatly facilitated and unnecessary delays are avoided.

6. Ready availability of needed information.--A customs valuation standard that is based upon commercial realities and which is defined simply and precisely in a manner that will yield predictable results should also have its requirements satisfied by information that is readily available to exporters, importers, and customs officers. Many customs valuation standards in current use today, including those of the United States, involve requirements for which the needed information is difficult to obtain. A full administration of such requirements inevitably leads to delays in the determination of dutiable value.

7. Review and appeal procedures.--The system should provide a procedure for the review of valuation decisions that will be readily available to all parties and will afford impartial, equitable, and rapid decisions on appeals. Regardless of how clearly and explicity the value standard is defined, importers and customs officials will

sometimes differ as to the correct dutiable value. Valuation systems should therefore provide for review of valuation decisions within the customs service and for appeal of contested valuations to the courts. When interpretations of valuation standards are made by customs authorities or the courts, the interpretations should be publicized to avoid repetitious litigation and should be uniformly followed at all ports.

Definitional Elements of Valuation Standards Considered in Light of the Criteria

As previously indicated, customs valuation standards may be either positive or notional, and they generally contain six definitional elements, either stated or implied, which, taken together, specify the value contemplated by the standard. These elements are:

merchandise valued

time

place

quantity

transaction level

competitive conditions

There follows a consideration of the positive and notional types of valuation systems, and of the various valuation techniques, in light of the aforementioned principles. The various available options for each of the definitional elements are then considered in relation to the principles.

Positive versus notional systems

As previously indicated, a positive valuation system usually consists of a primary standard plus one or more alternate subordinate standards that are to be used in a specified order of precedence until an appropriate valuation is obtained. To insure complete coverage of all kinds of import transactions, a positive valuation system often employs one or more notional elements in some of its standards. The chief practical advantage of a positive system is that arbitrary valuation is precluded because customs officials can be held accountable for following a rigidly prescribed series of standards. The chief practical disadvantage is its inflexibility in requiring customs to attempt to determine dutiable value under each of a series of successive primary and alternate standards until it finally arrives at an acceptable appraisal. This inflexibility can give rise to frequent litigation. A second disadvantage is that it is difficult to formulate a positive system in which the primary and subordinate standards achieve a common valuation goal.

A notional standard, on the other hand, defines value in terms of the price which the goods in question would bring if they were sold under specified conditions. Since the concept of customs valuation expressed by the standard is generalized, it applies to all merchandise without exception. Thus, a notional valuation system has but one goal and needs only one standard. The chief advantage of such a system is its flexibility: customs is freed of the rigid necessity

of applying each one of a prescribed series of standards in search of an acceptable dutiable value and may pass at once to the particular valuation technique which seems most appropriate under the circumstances. The chief disadvantage is that the broad discretion granted to customs officers provides greater latitude for arbitrary action. Arbitrary valuations are unlikely, however, in a country which provides equitable administrative and judicial appeals procedures.

Valuation techniques

As previously indicated, goods are often imported under terms which do not conform to the various elements of value specified by a valuation standard. For such imports, customs officers must have recourse to alternative methods of determining dutiable value. The alternative methods or techniques are essentially the same regardless of whether a valuation system is positive or notional.

Valuation techniques which permit valuation of the merchandise under appraisement are preferable to those which base value on identical or similar merchandise. Those which base customs value chiefly or entirely on relevant precise data are preferable to those which base dutiable value largely on informed estimates or arbitrary allowances. Likewise, techniques which use relevant data available in the importing country are preferable to those which rely on data available only in the exporting country, because the former do not require investigations outside the customs territory and the needed data are more likely to be available both to the importer and to the customs service.

Valuation techniques generally consist of two steps: (1) determining the transaction price, or other specific value which applies to the merchandise to be valued at some stage of the marketing process, and (2) making any necessary adjustments to this base to conform to the elements of value as defined by the standard. Valuation techniques generally utilize one of the following prices or values as starting points or bases for valuation:

1. Import transaction prices.
2. Transaction prices in the domestic market of the importing country.
3. Transaction prices in the domestic market of the exporting country.
4. Cost of production data.
5. Expected rentals (for leased goods).
6. Value as determined by expert appraisal or as estimated by customs on any reasonable basis.
7. Officially established values.

The first two bases permit direct valuation of the goods under appraisement and best satisfy the other criteria. The next four are somewhat less acceptable because they value the goods under appraisement by reference to other goods, require investigations outside the customs territory, use information that is not readily available, or depend largely on estimates or arbitrary allowances. These four bases may, however, be useful in the absence of better information. The last base listed, official valuation, is unacceptable for obvious reasons previously indicated.

Any base or starting point for valuation may have to be adjusted to make value conform to the elements in the standard being applied. Examples of some types of adjustments are given below:

1. Adjustments for freight and insurance charges.

2. Adjustment of the base price or value for time, when there has been a price change, or for quantity or transaction level.

3. Adjustments for royalty payments, commissions, or other considerations not included in the base value.

4. Adding discounts which customs disallowed in determining a competitive price.

5. Adding allowances for expenses and profit to cost of production data to construct value at the specified time and place.

6. Subtracting allowances for expenses and profit from prices or rental charges in the importing country to establish value at the specified time and place.

7. Adjustment of the invoice price in transactions between related companies by adding an amount deemed sufficient to arrive at a competitive price.

The last of the listed adjustments, popularly termed "uplift", is a valuation technique used chiefly under a notional standard. It should be recognized, however, that the value determined under an alternate technique of a positive system may be equivalent to the value established under a notional system by applying to the invoice price an "uplift" determined by the same technique. The practical result may be the same.

Merchandise valued

The possible alternate choices for the element of merchandise to be valued are listed as follows:

1. The goods under appraisement.
2. Identical goods from the same manufacturer as the goods under appraisement.
3. Identical foreign goods from other manufacturers.
4. Similar foreign goods.
5. Identical or similar goods produced in the importing country.

The first of these alternatives, the goods under appraisement, is the one which best meets all the criteria; the use of identical goods from the same manufacturer would appear to satisfy the criteria almost as well. The use of identical goods from another foreign manufacturer or similar foreign goods may produce results which are less fair, less precise, less predictable, and less satisfactory on all other counts than the first two alternatives. In addition, the use of similar foreign goods is subject to administrative difficulty in the determination of similarity. Identical or similar goods from third countries at a different stage of economic development and with different wage levels pose additional administrative problems and are less likely to yield a price which approximates that of the goods under appraisement. The use of identical or similar goods of other foreign producers, nevertheless, appears to be a justifiable expedient in cases where the actual imported goods or identical goods from the same manufacturer cannot be used.

The use of the value of identical or similar goods of domestic origin may result in uniform treatment, but is not consistent with commercial practice, predictable, or simple to administer. For instance, prices of domestic goods do not necessarily have a close relationship to prices of imported goods. The importer, therefore, might have difficulty in predicting the customs value of his goods and, consequently, the amount of duty that he would have to pay. Further, this alternative creates administrative problems for customs officials since it is difficult and time consuming to identify and obtain accurate value data on domestic goods identical or similar to the goods being imported. It cannot be applied to all imports, moreover, because it provides no means of valuing goods which have no domestic counterpart. Evidence of the general impracticability of valuation based on prices of goods of domestic origin may perhaps be found in the fact that no country uses such valuation to appraise all imports which compete with domestically produced goods.

Although Article VII of the GATT provides that the customs valuation of imported goods should not be based on the value of goods of national origin, it is believed that this provision is intended to prevent the use of the prices of domestic goods in the domestic market from being used directly as the value of their imported counterparts, and is not designed to preclude the possible use of such prices as a last resort guideor benchmark to valuation when other identical or similar goods cannot be used. This latter practice apparently exists to some degree in most countries.

Thus, the fairest and most direct basis for valuing imported merchandise is the price of the goods under appraisement. Prices of identical merchandise from the same manufacturer or, less frequently, prices of other merchandise may be used either as a check on the invoice price and benchmark to determine whether an adjustment of the invoice price is needed in a transaction between related companies in order to approximate a competitive price, or as an independent basis of valuation when prices of the goods under appraisement cannot be used.

Time

Alternate choices for the time element include the date of the sales contract, the date of shipment, the date of exportation, or the date of importation.

Since the cost of the goods to the importer is normally fixed by the sales contract, the best choice from the standpoint of fairness and predictability would base dutiable value, whenever possible, on the invoice price, which implies acceptance of the price at the time of the contract. Yet, it would not always be feasible to specify the date of the sales contract because that date is often difficult to establish and because a time determination is needed for every entry, not just for those which are the subject of a sales contract. Consequently, a uniform standard should specify a precisely determinable time (time of shipment, of exportation, or of importation) and should be sufficiently flexible to permit acceptance of the contract

price, regardless of minor intervening price changes, provided there is timely delivery in due course of trade.

Place

Place is particularly important in a valuation standard because of the wide range of values that can result from a given transaction depending upon the place specified. Alternate choices currently in use in various countries include the factory or warehouse of the exporter, the principal market(s) of the exporting country, the port of exportation, and the port of entry. Determination of the price of goods at the factory or warehouse or at a principal market in a foreign country can give rise to considerable administrative difficulty and to much needless litigation. Unless these places are coincident with the port of export, the customs officer must verify the inland point and inland transport and commission charges in the exporting country. Valuation as of these places would require customs officials to have an intimate knowledge of current internal market conditions and practices in foreign countries--a knowledge that would indeed be difficult of attainment. Customs officials are in a poor position to dispute declarations made regarding inland transport and commission costs in the country of export and are often challenged when they do not accept the declarations of such costs.

Thus the logical choice of an identifiable place for determination of customs value narrows down to either f.o.b. port of export or c.i.f. port of entry. Most transactions in international commerce are made

for importers' acceptance of the merchandise either f.o.b. port of export or c.i.f. port of entry. These are terminal points for which commercial documents on marketing charges are readily available to the customs. Thus, consistency with commercial practice and ease of administration suggest that a uniform international standard should value goods either at the port of exportation or at the port of entry. Either adequately meets the other criteria of simplicity, precision, predictability and ready availability of needed information.

Because of the differences of opinion as to whether customs valuation should be made on an f.o.b. or a c.i.f. basis, arguments for each are included below.

The "f.o.b." (port of exportation) alternate for place.--The directives of the Committee on Finance and its Subcommittee were for "uniform standards of customs valuation which would operate fairly among all classes of shippers in international trade".

Manifestly, there are difficulties involved in achieving fairness of tariff treatment for like products from different foreign sources, but such difficulties should not forestall bonafide efforts to achieve such fairness to the greatest degree practicable. In any consideration of one system of valuation as against another, the criterion of relative fairness is of course paramount. Indeed this principle is and has long been a major cornerstone of both U.S. foreign and domestic trade policy, as exemplified by our adherence to the most-favored-nation concept.

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It is appropriate to observe that in considering the fundamental question of fairness in philosophical context, the taking into account of established interests in the status quo--whether the valuation system under scrutiny is based on c.i.f., f.o.b., or some other valuation concept--is of no relevance. Any valuation system under consideration should be analyzed on the basis of its inherent, essential merit relative to other possible systems. 1/

The principle of fairness strongly supports an f.o.b. approach to valuation. Unlike the c.i.f. alternate, which assumes, without demonstrating, that the dutiable value of imported goods should include all costs necessary to produce a product and to deliver it to the market, the f.o.b. alternate includes only those cost elements incidental to the manufacture or origination of the products themselves. It exerts no influence on the choice of carrier or port of entry in the country of importation and does not increase duties because a distant shipper has had to pay higher transportation costs or give a duty preference to nearby countries because of lower transportation costs. In contrast, the c.i.f. system, depending upon the product and relevant economic factors involved, has the tendency of discriminating against the high cost carrier and of diverting traffic to ports in the importing country that are closest to the port of exportation, at the expense of more distant ports in the importing country.

1/ In this conncection, it is also noted that selection of a c.i.f. system as the basis for the Brussels Definition of Value was apparently largely a matter of preserving the substance of the customs valuation systems of European countries involved, rather than a determination that a c.i.f. standard was the preferable standard on the basis of merit.

Finally, and most importantly, the clear effect or tendency of a c.i.f. valuation system is to favor the nearby supplier and, conversely, to discriminate against the distant source. 1/ From a producer's point of view, transportation costs 2/ are charges over which he has little or no direct control. He can reduce or eliminate such costs only by shifting his production facilities closer to the market place. On the other hand, the costs of production, 3/ although greatly influenced by the economic environment in the host country, are susceptible to modification by the producer's introducing efficiencies whereby productivity can be maximized and unit costs minimized.

The principle of fairness inherent in the f.o.b. valuation system in respect of the location of near and distant suppliers is effectively demonstrated by the arithmetical illustration shown below:

	Domestic source	Contiguous source	In-between source	Distant source
Cost of production	$70.00	$46.67	$43.33	$40.00
F.o.b. duty of 50%	0	23.33	21.67	20.00
Cost of transportation	0	0	5.00	10.00
Total cost under f.o.b.	70.00	70.00	70.00	70.00
50% duty on transportation	0	0	2.50	5.00
Total cost under c.i.f.	70.00	70.00	72.50	75.00
Transportation burden under c.i.f.	0	0	7.50	15.00

1/ In this connection it is to be stressed that while c.i.f. data, and certain cost factors embraced therein, are valid and highly useful for a range of statistical and analytical purposes, they do not validate the c.i.f. concept for valuation purposes. Such data can be collected for statistical analytical purposes without imposing c.i.f. as a valuation concept.

2/ The term "transportation costs" refers to the costs incurred on goods from the port of exportation in the producing country to the port of entry in the importing country.

3/ The term "costs of production", as used in this sense, embraces all costs in the foreign country (including profit) prior to exportation.

In the example shown, the domestic and the three foreign sources are able to compete on an equal basis under an f.o.b. duty, because the landed, duty-paid price of the foreign goods, is, in each instance, equal to the price of the domestic goods. In contrast, under a c.i.f. duty, only the nearest of the above three foreign sources can continue to compete in the market place on an equal basis without reducing production costs; the two remaining foreign sources, although possibly more efficient in production, face an increase in their total burden resulting from imposition of a c.i.f. duty that may well take them out of the market. They can no longer sell at a competitive price, unless they are able to reduce their costs of production sufficiently to offset the increased duty.

The f.o.b. system of valuation, by being neutral with respect to transportation and related costs, treats nearby and distant suppliers alike. On the other hand, the increased burden resulting from c.i.f. valuation falls precisely on those producers who must have a lower cost of production to begin with in order to compete even under an f.o.b. system. The effect of this discriminatory element in the c.i.f. system is to bind more tightly together those countries which are geographically close to each other, at the expense of more distant countries.

In summary, customs valuations made in accordance with the f.o.b. alternate would be, to the greatest practicable degree, a neutral constant in the duty formula as applied to all classes of traders, thereby leaving to the ad valorem rate of duty the sole role of

expressing--on a visible scale--the quantum or degree of duty or the incidence of protection intended.

The c.i.f. (port of importation) alternate for place.--The dutiable value of imported goods should include all the costs necessary to produce a product and to deliver it to the country where it is to be marketed. Freight and insurance charges are components of value at the port of entry just as much as raw material and labor costs and manufacturer's overhead and profit. The c.i.f. method values imports closer to the point of competition with domestic merchandise than does the f.o.b. valuation and thus accords better with the protective purpose of tariffs. The c.i.f. valuation applies the same standard to all goods that are landed on the importing country's shores. Therefore, it leaves undisturbed the cost/price relationships that would exist among all foreign suppliers in the absence of a duty.

There is a sharp differential effect on duties and trade patterns depending on whether valuation is based on f.o.b. port of export or on c.i.f. port of entry. It should be recognized that, generally speaking, like products imported from close and distant countries sell at about the same price in the country of importation. Ordinarily transport costs are higher from a distant than from a nearby country. To remain competitive the distant country must usually have a lower production cost to offset its higher transport cost. The following corollaries may be drawn from the usual relationships between price and transport cost:

> Imposition of an ad valorem duty based on c.i.f. port of entry will result in about the same duties on similar products of both nearby and distant countries. It will not ordinarily distort the natural trading patterns that would exist in the absence of a duty.
>
> Imposition of an ad valorem duty based on f.o.b. port of export will ordinarily result in a lower duty for a product from a distant country than for a similar product from a nearby country. It will tend to distort the natural trading pattern in favor of trade with the distant country and to the disadvantage of the nearby country.

The following tabulation illustrates the differential effect of the place of valuation on the imports from near and distant countries. It will be noted that both the costs of production and the shipping costs are different for the two countries in the example below. The higher shipping cost incurred by the more distant supplier is offset by his lower cost of production, otherwise the more distant supplier would not be able to sell his product in that market. Both the near and the distant supplier can lay the product down at the port of the importing country for $10, thus making them competitive with one another before the duty is imposed. When the duty is levied c.i.f., this competitive relationship is not disturbed. However, when the duty is levied f.o.b., the original competitive situation is upset, and the distant supplier has a price advantage in the importing country, since all of his costs are not included in the f.o.b. valuation.

Country	Production cost	Shipping cost	Landed cost	50% duty		Landed cost including duty	
				c.i.f.	f.o.b.	c.i.f.	f.o.b.
Near	$9.00	$1.00	$10.00	$5.00	$4.50	$15.00	$14.50
Distant	8.00	2.00	10.00	5.00	4.00	15.00	14.00

Any protective tariff favors the domestic industry over the foreign industry, but this is the purpose of a protective tariff. F.o.b. valuation results in a distortion of natural trading patterns among foreign suppliers vis-a-vis each other. Trade tends to be shifted to the more distant countries which could not ship with c.i.f. valuation or in the absence of a tariff. With f.o.b. valuation this shift in trade to the more distant countries results in a less efficient allocation of world resources than would occur with c.i.f. valuation.

The inclusion of intercountry transportation costs in dutiable value may entail a higher dutiable value for goods shipped by air than for the same goods shipped by surface transport. When a shipper elects to use air freight, however, he considers that it is to his economic advantage to do so. It enhances the value of the merchandise in the market of the importing country or enables him to make a sale which he might otherwise lose.

The c.i.f. valuation is more in accordance with commercial reality in that freight and insurance charges are intrinsic components of value that bear on the competitive potential of imports just as much as do manufacturing costs. The use of a valuation other than c.i.f. distorts the competitive relationship that would exist in the absence of tariffs.

Quantity

Theoretically, there are many choices which might be made on the element of quantity, but practically speaking, there seem to be only two acceptable choices: the goods may be valued either at the unit price which applies to the actual quantity under appraisement, or at the unit price which applies to such goods in their usual or ordinary quantity. The first alternative is simple, precise, and predictable because it is based on readily available data--the commercial transaction price of the goods under appraisement. In addition, it produces reliable statistics which accurately reflect prices paid for imported goods. The second alternative, to the extent that it is actually enforced, insures that all importers of identical goods receive identical treatment regardless of the quantity imported and thus might seem at first glance to be the fairer of the two alternatives, although it disregards the commercial realities of quantity discounts. A strict and literal enforcement of usual quantity would produce unpredictable valuations and delays in final appraisement which would be unfair to all parties concerned. In practice, the necessity of moving the goods would force any customs administration to adopt a less than literal interpretation which would permit acceptance of the transaction price in most instances, while paying occasional lip service to the usual quantity concept. It seems better to adopt a standard which can be literally administered as written and which lacks the complexity and unpredictability inherent in this alternative. Moreover, complaints by U.S. importers

indicate that the use of usual quantity may at times result in the disclosure of confidential data on prices to competitors. Thus, a balanced consideration of all the principles of valuation, including that of fairness, seems to require that the valuation of imported goods be based on the actual quantity under appraisement.

Transaction level

The same considerations apply with respect to the choice on the element of transaction level as to the choice on quantity, as these two elements are closely interrelated. There seem to be only two acceptable choices for the element of transaction level: the goods may be valued at the level at which they are imported, or they may be valued at the wholesale level regardless of the level of the actual import transaction. As on the element of quantity, here, too, a balanced consideration of all the principles of valuation suggests, for the reasons indicated above under quantity, that imports should be valued at the level of the actual import transaction.

Competitive conditions

It is axiomatic that customs valuation should be based on prices reached under fully competitive conditions. The fifth of the nine principles formulated by the European Customs Union Study Group explicitly declares that "The system of valuation should protect the honest importer against unfair competition arising from under-valuation, fraudulent or otherwise". Article VII of the GATT specifies that the dutiable value should be the price at which the

goods are sold "in the ordinary course of trade under fully competitive conditions". Every valuation system considered in Part II of this study at least purports to require a freely offered, arms length, open market, or competitive price such as would prevail in a transaction between a buyer and a seller independent of each other. The element of competitiveness, in fact, is the only one on which all known valuation standards are in substantial agreement. Any other choice on this element would be manifestly unfair.

The fact of agreement that customs valuation should be based on prices reached under fully competitive conditions, in no way lessens the difficulties confronting custom administrations in determining a competitive price. For example, discounts granted for services performed by an exclusive importer, apparently for the benefit of the exporter, (e.g., advertising, promotion, technical service, or servicing of trade-marked goods under warranty) raise doubt as to whether the transaction price is equal to a competitive price. On the other hand, the benefits of such services in the importing country are inevitably divided or shared, but usually to an indeterminable degree, by both parties, so that administrative decisions as to the portion of the discount, if any, to be allowed may to some extent be arbitrary and differ from one country to another. Thus, the element of competitive conditions, on which all countries are currently in agreement, is at the same time, the element which is most difficult to administer uniformly for the increasing number of transactions between related parties or with an exclusive importer.

Uniform international administration

Uniform standards alone would not result in uniform international customs valuation of imports. Administrative decisions play a crucial role even under the most positive of present national valuation systems. Therefore, along with any attempt to obtain uniform standards, parallel measures should be taken to approach uniform administration. At a minimum this would seem to involve international coordination in training procedures for customs officers, periodic international conferences of customs officials at the policy-making level, and the maintenance of an international valuation committee to issue opinions on disputed points.

Part IV.--PROBABLE ECONOMIC EFFECTS IF THE UNITED STATES WERE TO ADOPT THE SUGGESTED SYSTEM OF UNIFORM INTERNATIONAL VALUATION STANDARDS BASED ON RATES IN EFFECT ON JANUARY 1, 1972

Introduction

In Part IV, the Commission has made an effort to examine the probable economic effects of the adoption by the United States of the Commission's suggested system of uniform international standards, while assuming retention of the rates of duty in effect on January 1, 1972.

Any attempt to analyze quantitatively such probable economic effects must necessarily follow certain steps. These steps, in abbreviated form, are as follows: First, the effect of the adoption of a new valuation system on the dutiable values of imported goods must be determined. Second, the effect of the changes in dutiable values on the duty-paid price of imported goods must be assessed. Finally, the effect of changes in duty-paid prices of imported goods on imports into, and production and consumption in, the importing country or regions thereof must be measured.

This part of the study provides an analysis of some data pertinent to the first two steps described above. The data show the probable effect of the adoption of the suggested valuation system on dutiable value and duty-paid price (termed the price effect) with respect to individual import entries in a selected group of tariff items in the Tariff Schedules of the United States (TSUS). The methodology followed, the data used, and the assumptions and limitations involved are described below.

The probable effects of the adoption by the United States of the suggested valuation system on the volume of U.S. imports, production,

and consumption could not be quantitatively analyzed. To measure the responsiveness of imports to price changes, price elasticities of the demand for imports would be needed, but such elasticities cannot be calculated because U.S. wholesale price data while extensive are not available by TSUS item. Similarly, supply elasticities would be needed to measure the quantitative effect of the adoption of the suggested valuation systems on U.S. production, but those supply elasticities cannot be calculated for similar reasons. Although quantitative measurement thus could not be made, a qualitative (i.e., large, negligible, etc.) statement as to the probable effects of the adoption of the suggested valuation system on U.S. imports, production, and consumption is made where appropriate.

Methodology of analysis

If the United States were to shift from the present valuation system to the suggested system with the f.o.b. concept, it would entail four basic changes. 1/ These are: (1) uniform valuation at the port of export rather than at a principal market in the country of export (which may or may not coincide with the port of export); (2) valuation at the actual quantity and transaction level rather than the usual wholesale quantity; (3) elimination of the final list; and (4) elimi-

1/ This statement of major changes that would be involved if the United States were to adopt the suggested uniform standards is not to be construed as a recommendation for or against their being unilaterally adopted by the United States. The valuation systems of most countries contain variations and exceptions from the generally applicable standards and it is possible that even if the suggested system of standards were adopted for international use the different countries might retain some of these valuation variations and exceptions.

nation of the American selling price. Adoption of the suggested system with the c.i.f. concept would involve the same four changes, and would, in addition, result in the inclusion of international freight, insurance, and other intercountry charges in the customs value. The following analysis of the probable economic effects of the U.S. adoption of the suggested valuation system is made by analyzing the effects of these changes.

As indicated above, quantitative analysis to determine the change in dutiable value and the price effect resulting from U.S. adoption of the suggested standards was undertaken only for a group of individual import entries which do not purport to be a representative sample for which the reliability can be statistically measured. For this purpose 57 TSUSA items were selected by knowledgeable specialists with a view to giving coverage to important trade items subject to ad valorem or compound duties at rates reasonably typical of each of the seven tariff schedules. Within a TSUSA item entry documents were examined only for the major nearby and distant sources. The basic analysis for probable effect of adoption of the suggested standards with either the f.o.b. or c.i.f. alternate covered 1,657 import entries 1/. Several hundred additional entries were examined for the special analysis of the final list and American selling price.

1/ The data for individual entries were obtained from three sources: (1) a one-percent sample of original entry documents for one out of every hundred import entries made in fiscal years 1970 and 1971; (2) copies of Customs Form 6431 - reports of appraising officers on individual entries in 1967-71 involving questions of appraisement; and (3) Bureau of Census Form 1812--customs officers reports on individual entries made in 1969 for the joint Bureau of Customs-Bureau of Census f.o.b.-c.i.f. study. This study is described in the Bureau of the Census publication

(footnote continued on following page)

The first goal of analysis was to determine what the dutiable value for the entry would be under the f.o.b. and the c.i.f. alternates of the proposed standards. Valuation under the proposed standards is based on the purchase price in an open market transaction. From the documentation available on individual entries (including among other things the commercial invoice, pro forma invoice, and customs invoices with customs officer's adjustments to arrive at dutiable value) it was usually possible to calculate a transaction price f.o.b. port of export. Transaction prices on a c.i.f. port of entry basis could be determined only for those entries where the goods were sold on a c.i.f. basis. Reported transaction prices adjusted to an f.o.b. port of export and a c.i.f. port of entry basis were taken as the dutiable value under the f.o.b. and c.i.f. alternates respectively.

Changes in duties payable were then calculated by applying the rate of duty to the dutiable values under the two alternates of the proposed standards and comparing these calculated duties to duties payable under existing valuation standards. Similarly, the changes in

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U.S. Foreign Trade, Highlights of Exports and Imports, FT 990-71-4, April 1971.

Only a portion of the entries from the one-percent sample contained sufficient documentation for analysis. Among the usable entries 650 were analyzed. For most TSUSA items from a particular country, less than 10 entries were available from the one-percent sample and all were included. Where more than 10 entries were available, the first 10 in sequence of filing were used. (There was no particular sequence in filing within a TSUSA item.) About 750 entries were examined from the Form 6431 in the same manner as those from the one-percent sample. There were about 250 entries from the selected countries and TSUSA items for which data were available from the Bureau of Census Form 1812; all were analyzed.

landed duty paid price (price effect) under the f.o.b. and c.i.f. alternates were measured by adding the calculated duty under each alternate to the c.i.f. price and comparing them to the landed duty paid price under existing standards.

Limitations of analysis.--There are several obvious shortcomings to the methodology outlined above. As previously indicated, the main analysis is confined to only 1,657 individual import entries in 57 TSUSA items, which do not purport to be a representative sample of all items subject to ad valorem or compound duties.

A second shortcoming rests in the procedure of using the reported commercial transaction price in all entries as the starting point for calculation of dutiable values. The proposed standards call for use of open-market transactions, or prices that would prevail in an open market transaction. A small proportion of the entries examined, estimated at less than 15 percent, were probably not open-market transactions. 1/ Some of these reported transaction prices were undoubtedly either nominal or did not, for one reason or another, reflect an open-market transaction price. Such reported transaction prices would not, of course, be accepted by customs officers as open-market transaction prices for determination of dutiable value under actual operation of the proposed system. 2/

1/ This estimate is based on the fact that in a little over 85 percent of the entries examined and not subject to ASP or the final list, the Bureau of Customs accepted the reported commercial transaction price as the basis for valuation with additions of dutiable charges or subtractions of nondutiable charges to arrive at dutiable value.

2/ Evidence of the bias introduced by accepting all reported transaction prices shows up in the appearance of reductions in dutiable value

(footnote continued on following page)

A further limitation with respect to calculations of the landed duty paid price lies in the assumption that changes in duty will be passed on in their entirety to the buyer. In reality, either the exporter or the importer may absorb part or all of a duty change depending on his profit margins and ability to change prices. Furthermore, either producers or consumers may react to such price changes as may occur with changes in amounts offered or purchased thus resulting in a new price.

In summary, there are obvious shortcomings not only to projecting conclusions beyond the individual entry but also to accepting the calculated changes for that entry without reservation. Despite these reservations the data are probably at least indicative of the extent of change in dutiable value and price effect of adoption of either of the alternates under the proposed standards. Results of the analysis of individual import entries are presented in Appendix K, tables 3-6, and referred to in following sections relating to adoption of the f.o.b. and c.i.f. alternates of the proposed standards.

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under the c.i.f. alternate in 30 of 661 entries not subject to ASP or final list. Since reductions in dutiable value for such entries are highly unlikely under the proposed standards, it is obvious that dutiable values for most of these 30 entries, as well as for some others, are understated. Reported transaction prices may also be higher than an open-market price (e.g. if profits of a multinational firm are to be retained abroad for tax purposes) and some such transaction prices may have been used in calculating dutiable value under the proposed standards. The special analysis relating to elimination of American selling price attempts to make an adjustment for use of non-arm's length transactions.

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Composition, geographic origin and port of entry of U.S. import trade in 1970

Type of duty.--Table 1 in Appendix K shows for each TSUSA part, the average ad valorem equivalent for ad valorem and compound duty items and the dollar value of U.S. imports for consumption, by type of duty, for 1970. Of U.S. imports for consumption amounting to $39.8 billion in 1970, $17.7 billion, or 44.4 percent, carried a compound or ad valorem duty and had an average ad valorem equivalent of 11.4 percent. Another $9.5 billion, or 23.9 percent, carried a specific duty, and $12.6 billion, or 31.7 percent, was free of duty. Customs valuation is, of course, most relevant to imports subject to ad valorem or compound duties. If the United States were to convert its specific duties to ad valorem duties, customs valuation would have particular relevance to over two-thirds of U.S. imports as opposed to 44 percent at present. The following tabulation summarizes the relative significance of ad valorem and compound duty imports by schedule.

U.S. imports for consumption, imports subject to ad valorem and compound duties and their average ad valorem equivalent, by Tariff Schedule, 1970

Schedule	Total imports	Imports subject to ad valorem and compound rates	Ratio of ad valorem and compound rates to total	Average ad valorem equivalent of ad valorem and compound rates
	Billion dollars	Billion dollars	Percent	Percent
1. Animal and vegetable products	6.8	0.7	11.0	10.2
2. Wood and paper	2.7	0.6	20.7	10.4
3. Textiles	2.4	2.0	83.6	26.0
4. Chemicals	4.5	0.7	15.0	12.4
5. Ceramic and related products	1.2	0.6	47.5	15.1
6. Metal products	17.0	9.6	56.3	7.5
7. Sundry products	3.6	3.3	90.4	13.1
Total 1/	39.8	17.7	44.4	11.4

1/ Total includes schedules 8 (special classification provisions) and 9 (temporary modifications) with $1.1 billion entering duty-free and with $0.4 billion not classified by type of duty

Source: Adapted from table 1 in Appendix K.

In terms of the value of imports subject to compound and ad valorem duties, schedule 6 is the most notable, accounting for over half of all such imports. However, the average ad valorem equivalent of the rate of duty on such imports is lower for schedule 6 than for any other schedule. The 7.5 percent rate of schedule 6 compares to 26.0 percent for schedule 3. In general, schedules 3, 5, and 7, with a high proportion of the items subject to relatively high ad valorem duties, have the greatest potential for being affected by a change in the valuation system.

Country of origin.--Over three-fourths of all U.S. imports subject to ad valorem and compound rates of duty in 1970 came from Japan, Canada or countries in the enlarged European Community (the original six plus United Kingdom, Ireland, and Denmark). Japan was the largest single source accounting for 29.2 percent of the total. Canada accounted for 10.0 percent of the total. Countries of the European Community as presently constituted accounted for about 37 percent. Table 2 in Appendix K shows U.S. imports for 1970 subject to ad valorem and compound duties by country or area of origin and by TSUSA part. The following tabulation summarizes this information.

U.S. imports for consumption of articles subject to ad valorem or compound duties, by country or area of origin, 1970

Country or area of origin	Value	Ratio to total	Average ad valorem equivalent
	Billion dollars	Percent	Percent
Canada	1.8	10.0	6.7
Mexico	.3	2.1	12.4
Caribbean	.1	.5	14.2
Other Western Hemisphere	.2	1.3	9.8
United Kingdom and Ireland	1.3	7.3	9.8
European Economic Community	5.0	28.7	9.8
Scandinavia	.6	3.4	9.0
Other Western Europe	.6	3.5	14.3
Eastern Europe	.3	1.4	10.4
Japan	5.1	29.2	12.1
Other Asia	2.1	11.9	17.9
Australia, New Zealand, and Oceania	.1	.4	11.2
Africa	.1	.3	8.9
Total and/or average	17.7	100.0	11.4

Source: Derived from Appendix K, Table 2.

The average ad valorem equivalent of U.S. imports subject to ad valorem and compound duties from these world areas ranged from 6.7 percent for Canada to 17.9 percent for Asian countries other than Japan. The bulk of the entries from Canada are in metal manufactures in schedule 6 at relatively low rates whereas the bulk of the entries from Asian countries other than Japan are in textiles in schedule 3 and sundry items in schedule 7 bearing much higher rates of duty. It is perhaps coincidental that the countries whose exports to the United States pay the highest average ad valorem and compound duties are farthest from the United States, and the country whose exports pay the lowest duties is the closest. Average ad valorem and compound rates for imports from Japan and the major countries of Western Europe are close to the overall average of such rates and range generally between 10 and 12 percent. Average ad valorem equivalents in 1972 were lower than those shown for 1970 because of further reductions in the staged rates of the Kennedy Round made on January 1 of 1971 and 1972.

Ports of entry.--Customs regions with ports of entry primarily on the east coast of the United States account for about 55 percent of U.S. imports whereas those with ports primarily on the west coast receive about 17 percent based on general imports in 1970.

U.S. general imports, by Customs regions, 1970

Customs region	U.S. general imports	Portion of total
	Billion dollars	Percent
Boston	5.7	14.3
New York	10.1	25.3
Baltimore	3.9	9.8
Miami	2.4	6.0
New Orleans	1.6	4.0
Houston	1.8	4.5
Los Angeles	3.3	8.3
San Francisco	3.6	9.0
Chicago	7.3	18.3
Special transactions not classifiable by regions	.3	.6
Total	40.0	100.0

Source: Bureau of the Census, Highlights of U.S. Export and Import Trade, December 1970.

The Chicago region with major ports on the Great Lakes accounts for about 18 percent and the two regions with major ports on the gulf coast together account for only about 10 percent.

Except for the Chicago region, it is believed that these proportions are fairly representative of imports of items subject to ad valorem and compound duties at these four customs frontiers of the United States. The Chicago region is less important for such imports than indicated, since Canadian entries predominate in that region and only about 16 percent of imports from Canada are subject to ad valorem or compound duties.

Probable Economic Effects Associated with U.S. Adoption of the Suggested System of Uniform International Standards with the f.o.b. Alternate

Effects resulting from specific changes in the standards

Four specific features of U.S. valuation standards would be eliminated under the proposed standards with either alternate. They are the principal market and usual wholesale quantity concepts applicable to all entries and the final list and American selling price standards applicable to specified articles only. Analysis of the latter two features entailed examination of import entry documents applicable to these named articles in addition to the aforementioned individual entry analysis for 1,657 entries. Whereas these four features would be eliminated under either alternate of the proposed standards, they are the major features involved in a change to the f.o.b. alternate of the proposed standards.

Elimination of principal market.--Customs valuation under the proposed f.o.b. alternate will be affected whenever the price of the merchandise at the principal market differs from the price at the port of export. Where the price at both places is the same, or where the two places coincide, there will be no change. In a competitive situation the difference, if any, will be equal to the freight, insurance, commissions, and other charges necessary to move the goods from the principal market to the port of export.

Of the 1,657 entries analyzed in Appendix K, table 3, the principal market concept contributed to the difference between customs value and the price f.o.b. port of export in only 39 of these entries. There may have been additional entries, however, where the principal market was the reason for the difference but could not be identified as such from available documentation. In all 39 entries, eliminating the principal market concept would mean an increase in dutiable value, although part of the increase in some instances would be due to elimination of the final list. These increases would range from 0.2-13.6 percent, with a median increase of 3.6 percent. Examples of entries which would show large increases in dutiable value are: bound blank books and diaries from Japan (8.3 percent); certain iron and steel sheets from Western Germany (10.0 percent); certain automobiles from Italy (13.6 percent); and motorcycles from Italy (11.4 percent). The increases in the duty-paid price would range up to 0.8 percent with a median increase of 0.1 percent. Among the 1,657 entries analyzed, differences in dutiable value from elimination of the principal market concept would be confined to a small number of entries, and the price effect would in most cases be negligible.

Elimination of usual wholesale quantity.--In statements made at the public hearings and in written briefs submitted subsequently, it was maintained by some that switching to the proposed f.o.b. alternate based on actual quantity and transaction level, instead of on the present usual wholesale quantity, might tend to discriminate against the smaller retail importer, because such importers usually buy in

small quantities. Among the 1,657 entries analyzed, there was no instance in which a difference between the customs value and the price f.o.b. port of export could be identified as being due to valuation in the usual wholesale quantity. This result was to be expected since determinations by customs with respect to usual wholesale quantity are based on sales of the particular foreign firm from which the article was purchased. A particular firm generally caters to U.S. customers at a particular quantity and transaction level; thus customs is generally able to accept a sale by that firm as being at the usual wholesale quantity, even though it may happen to be at the retail level. Since the actual transaction price is accepted as the price for the usual wholesale quantity in the vast majority of nontourist entries, there could be little effect on such entries from elimination of the usual wholesale quantity concept. Most tourist expenditures are duty-free in that they do not exceed the duty-free allowance, which is currently based upon actual purchase price. An adjustment in dutiable value for usual wholesale quantity is made for tourist expenditures in excess of the duty-free allowance. Higher duties that would result from the use of actual purchase prices to determine dutiable values for tourist expenditures in excess of the duty-free allowance (rather than the use of the value for the usual wholesale quantity) would tend to curtail tourist expenditures for items subject to ad valorem or compound duties.

Elimination of the final list.--Since the Customs Simplification Act of 1956, customs value for most articles has been based on their value for export to the United States (as defined by export value in section 402 of the Tariff Act of 1930, as amended). Prior to the Customs Simplification Act of 1956, customs value for most articles was based on a dual standard of the higher of value for home consumption in the country of export or value for export to the United States (as defined respectively under foreign value and export value in section 402a of the Tariff Act of 1930, as amended).

This dual standard was retained in the 1956 Act for a so-called final list of classes of articles for which the standards in section 402 would result in the commodities being valued at 95 percent or less of the values they were actually appraised at in fiscal 1954. (See section on Valuation Methods Employed by the United States in Part I.) Stated another way, the final list is made up of classes of articles which in terms of 1954 fiscal year values would have a unit value lower by at least five percent if valued under the appropriate standard of section 402 than they would have if valued under the appropriate provision of section 402a.

As would be expected, since that date there have been many changes in pricing practices of exporters affecting the commodity make-up of articles sold at a lower price for export to the United States than in

their home market. 1/ Thus, a question arises as to the extent to which present pricing practices for final list articles depart from those which prevailed in 1954. A study made by the Bureau of Customs based upon imports in April and September of 1965 indicated that the list had all but completely lost its intended purpose. The study is summarized in the following table. The section 402a values are the actual dutiable values as appraised (with the primary dual standard of the higher of foreign value or export value). The section 402 values are what the dutiable values would have been if appraised under the 402 standards (with the primary standard being export value).

1/ Recognizing that a list of imports based on differences in value for export and for home consumption in fiscal year 1954 might not have much relevance to such differences in subsequent years, the original Customs Simplification bill proposed to revise the list on a yearly basis for four years subject to Congressional approval and if upon completion of the fourth list Congress did not act, the final list would be eliminated. In the form finally enacted as the Customs Simplification Act, the original list based on entries in fiscal 1954 was made permanent.

Comparison of customs value of final list imports as actually appraised under section 402a with indicated value if these items had been appraised under section 402, April and September 1965.

Month	Total customs value of all imports	Total value of final list imports as appraised under 402a	Total value of final list products if appraised under 402	Difference (column 3 minus column 2)	
				Value 1/	Share
	Million dollars	Million dollars	Million dollars	Million dollars	Percent
April	1,820.7	142.1	140.1	(-) 2.0	(-) 1.4
September	1,794.9	131.6	127.7	(-) 3.8	(-) 2.9
Total	3,615.6	273.7	267.8	(-) 5.8	(-) 2.1

1/ The differences in value between the two provisions are a composite of the increases and decreases shown below in millions of dollars:

April	(-) 4.6	September	(-) 5.1
	(+) 2.7		(+) 1.3
	(-) 2.0 (Rounded)		(-) 3.8

Source: U.S. Bureau of Customs.

Note: Total may not add due to rounding.

While the final list was originally intended to include only those products which would have been appraised at least 5 percent lower under section 402 standards, it was on the average only 2.1 percent lower for the months of April and September 1965. The tabulation indicates that in those months, many products would have been appraised higher under the 402 standards than under the 402a final list standards. The Treasury Department and the Bureau of Customs have continued studying the significance of the final list in terms of difference in dutiable value and additional workload, but nothing has been published since the 1965 study.

To develop more current information to appraise the economic effect of elimination of the final list, the Tariff Commission has examined customs and commercial documents for 256 import entries appraised under the final list standards. The entries were taken from documents covering imports in 1969-71 from 19 TSUS or TSUSA items on the final list. 1/ The 19 items selected consist of important final list items subject to typical rates of duty in each of the seven schedules. Within an item all available entries under the previously cited one-percent sample of original entry documents were analyzed. Determinations were made for each entry with respect to the change in dutiable value and price effect that would result from dropping the final list and basing dutiable value on the transaction price, f.a.s. port of export. 2/

All entries in 10 of the 19 TSUS or TSUSA items showed no change in dutiable value if the final list were eliminated. Eighty-one entries in seven of the items showed an average decrease in dutiable value ranging from 0.4 percent for certain glass rods to 6.5 percent for certain baked goods. One hundred seventeen entries in two items showed an increase in dutiable value if the final list were eliminated: 7.4 percent for automobiles and 1.8 percent for synthetic rubber.

1/ Although the final list is not expressed in terms of TSUS or TSUSA descriptions, all of the entries were appraised under final list standards.

2/ The method involved inclusion of changes resulting from dropping principal market and usual wholesale quantity concepts of present standards; however, for the entries examined virtually all of the change resulted from dropping the final list.

Automobiles are generally appraised under the cost of production standard of section 402a, in which statutory values are partly based on costs and profits on sales in the home market for the preceding year. Thus, there is a time lag on costs and profits and, in addition, profits on sales in the home market are often lower than profits on sales for export. The lower customs values for automobiles in recent years is, of course, a result directly opposite from that intended when automobiles were originally placed on the final list. Automobiles not only accounted for a major portion of the value of selected entries in the 19 items studied but they account for about half of all entries subject to final list valuation.

Erosion of the intended effect of final list valuation is apparent throughout the list and affects many items other than automobiles. On the other hand, a small portion of the entries valued under final list standards undoubtedly have a dutiable value more than 5 percent higher than if such entries were valued under section 402 standards. Some of these entries are in item numbers where only a fraction of the item is subject to final list valuation. While the Tariff Commission had made no special study of such entries apart from certain entries in the 19 items listed in table 7, unpublished information indicates that final list values are materially higher than values under section 402 standards for a few products from certain countries. Among these are certain shipments in the following items:

309.43 - certain non-cellulosic staple fibers;

310.01, 02, 10 and 11 - certain rayon filament fibers;

310.40 and 50 - certain spun yarns;

445.30 - polyethylene resins;

661.90 - certain centrifugal machines;

680.35 - certain ball and roller bearings and parts;

723.30 - certain sensitized paper for photography; and

772.51 - certain pneumatic tires and tubes.

The change in customs value apart from a consideration of rate of duty is not necessarily indicative of the economic effect of eliminating the final list. About 40 percent of all final list merchandise is now free of duty; elimination of the list would have no economic effect on such merchandise. As previously indicated, the change in the duty-paid price, shown in the last column of table 7, takes into consideration the effects of both valuation changes and the rate of duty and shows the maximum price effect of elimination of the final list for the entries studied. While the change in dutiable value with elimination of the final list for the 19 items studied would range from a decrease of 6.5 percent to an increase of 7.4 percent, the price effect for those items for which that effect could be determined would range from a decrease of 0.4 percent to an increase of 0.2 percent. There would be no price effect for the 10 items which showed no change in dutiable value.

Elimination of American selling price.--Imports of commodities subject to American selling price valuation had a reported dutiable value of $362.8 million in 1971 or 0.8 percent of total imports for

that year. 1/ The major category was benzenoid chemicals, equaling about 91 percent of such imports. The remainder included certain categories of footwear (8.0 percent) and canned clams (0.6 percent). Certain wool knit gloves are also subject to American selling price valuation but there were no imports in 1971.

Benzenoid chemicals.--Imports of benzenoid chemicals had a dutiable value of $331.7 million in 1971, West Germany and Japan being the major suppliers. These chemicals are provided for in part 1 of schedule 4 of the Tariff Schedules of the United States. Subpart A covers benzenoid crudes, all of which are duty-free and therefore need not be considered here; subpart B provides for all benzenoid chemicals not covered by subparts A or C; and subpart C provides for certain finished chemicals. All but one of the products provided for in subparts B and C are subject to ad valorem or compound rates of duty. 2/

As explained in part 2 of this study, the dutiable value of "competitive" benzenoid imports is the American selling price of the competitive U.S. product, while the dutiable value of "noncompetitive" benzenoid imports is determined if possible, under United States value. If the special valuation provisions for benzenoid chemicals were eliminated, American selling price would no longer be used for valuing competitive imports, United States value would lose its preferred position for valuing non-competitive imports, and export value (or

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1/ This total includes imports subject to, but not appraised under, American selling price because of a determination by the Bureau of Customs that they are non-competitive.

2/ The exception is TSUSA item 405.0500, trinitrotoluene valued over 15 cents per pound, which is duty-free. This item was added to the Tariff Schedules of the United States, effective January 1, 1972.

foreign value) would become the primary standard to be applied to all imports. Based on past experience with other parts of the tariff schedules, products appraised under the foreign or export value standards would account for about 80 percent of the dutiable value of benzenoid imports, if American selling price were eliminated, rather than the 6.5 percent which such products accounted for in 1971.

In the discussion which follows, two percentages are used as rough approximations of the effects of eliminating American selling price and basing valuation of benzenoid chemicals on the transaction price f.o.b. port of export: (1) the percent difference between current dutiable value and invoice or f.o.b. price 1/ and (2) the percent change in the landed, duty-paid price that would result if 1972 rates of duty were applied to the invoice price instead of to the current dutiable value. These percentages can be regarded as fairly exact indications of the effects of eliminating American selling price only if the invoice price is substantially equal to the arm's-length transaction price f.o.b. port of export.

One difficulty with the use of invoice prices (but not f.o.b. prices) is that the invoice price, in the case of any given entry, may be an ex-factory price, an f.o.b. price, a c.i.f. price, or a price quoted on some other basis, and thus may differ from the f.o.b. price.

1/ The f.o.b. price was used whenever it could be determined from available documentation; otherwise the invoice price, which is sometimes termed the foreign invoice value, was used. Hereafter, the term invoice price will be used to mean either invoice or f.o.b. price, unless the context clearly indicates otherwise.

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However, any difference between the invoice price and the price f.o.b. port of export will usually be small compared with the difference between invoice or f.o.b. price and American selling price or United States value.

A more serious difficulty with the use of invoice (and f.o.b.) prices occurs in transactions between related companies, where the invoice price may be purely nominal. This type of transaction accounts for more than half of the total invoice value of all benzenoid imports and more than 90 percent of the invoice value of all imported dyes. Invoice prices in non-arm's-length transactions may be either higher or lower than truly competitive prices. Thus, in the case of entries now appraised under American selling price or United States value, the percent difference between dutiable value and invoice price and the percent change in the landed, duty-paid price based on the invoice price can be used as rough indications only--not exact determinations--of the effects of eliminating American selling price valuation. 1/

The data in the following tabulation show the percent difference between dutiable value and invoice price for all benzenoid products imported in 1971 for which data are available. The invoice price, according to the tabulation, averaged 44.0 percent less than the dutiable value for entries appraised under American selling price, 14.5

1/ The best way of determining this effect would be to have customs appraise under the export or foreign value standards representative entries already appraised under American selling price or United States value. This procedure was followed in determining the converted rates of duty which were published in July 1966 (TC Publication 181) in response to a request from the President. Pertinent data from the 1966 study were used in compiling a tabulation showing estimated changes in median customs value and in median duty-paid cost if ASP were eliminated.

percent less than the dutiable value for entries appraised under United States value, and 0.3 percent more than the dutiable value for entries appraised under export value. With one exception, the average difference between dutiable value and invoice price shown for each product group or individual TSUSA item listed was greatest for entries appraised under American selling price and smallest for those appraised under export value.

Benzenoid chemicals subject to ad valorem or compound rates of duty: Dutiable value of all imports, percent of customs value represented by entries for which information on competitive status is available, and average difference between dutiable value and invoice price, by valuation standard, total and by product groups, 1971

Product group	Dutiable value of all entries	Percent coverage	Percent difference between dutiable value and invoice price: All entries	Competitive entries (American selling price)	Noncompetitive entries (United States value)	Noncompetitive entries (Export value)
	Million dollars					
Subparts B and C (403.0200-409.0000)	331.7	79	-31.8	-44.0	-14.5	0.3
Subpart B (403.0200-.9000)	128.6	79	-36.5	-43.1	-14.4	-0.2
Cyclic compounds, n.s.p.f. (403.6000)	97.1	76	-39.9	-48.1	-12.0	-0.4
Subpart C (405.0400-409.0000)	203.1	79	-28.8	-45.1	-14.6	0.5
Dyes (406.0200-.6000 and 406.8000)	93.1	92	-33.7	-53.4	-16.3	-1.9
Dyes, n.s.p.f. (406.5000)	76.2	93	-32.8	-55.9	-15.6	0.2
Explosives (405.0400 and 405.0600)	1.0	0	-	-	-	-
Flavor and perfume materials (408.0500-408.8000)	8.4	90	-22.4	1/ -21.8	-38.0	-2.6
Medicinal chemicals (407.0200-.9000)	43.0	63	-28.7	-42.1	-5.2	-0.1
Drugs, n.s.p.f. (407.8500)	36.2	60	-26.0	-40.0	-5.5	-0.1
Pesticides (405.1500)	19.6	60	-5.4	-37.8	-4.2	0.7
Pigments (406.7000)	13.0	90	-24.9	-45.5	-13.1	0.0
Plastics materials (405.2500)	17.4	68	-29.2	-34.6	-13.2	2.1
Miscellaneous finished chemicals (405.1000, .2000, .3000-.5500, and 409.0000)	7.6	66	-18.4	-36.2	-20.1	0.0

1/ If entries of one atypical product are excluded, invoice prices average 47.9 percent less than dutiable values.

Source: Compiled from official statistics of the U.S. Department of Commerce and from data furnished to the Tariff Commission by the Bureau of Customs for use in connection with the Commission's annual publication, Imports of Benzenoid Chemicals and Products.

The next tabulation summarizes data on the percent difference between the present dutiable value and the invoice price, and on the percent difference between the present duty-paid price (based on 1972 rates of duty) and the duty-paid price that would result if 1972 rates were applied to the invoice price, for 178 selected entries from TSUSA items 403.6000, 406.5000, and 407.8500. Imports classified in these three TSUSA items amounted to $209.5 million, or 63 percent of the dutiable value of all benzenoid products imported in 1971. The most-favored-nation rates of duty applicable to these items, effective January 1, 1972, are 1.7 cents per pound plus 12.5 percent ad valorem for 403.6000 and 407.8500 and 20 percent ad valorem for 406.5000. The 178 selected entries 1/ do not purport to be a statistically representative sample but provide at least a cross-section of benzenoid imports insofar as they show a wide range of variations in quantity, unit price, and difference between dutiable value and invoice price.

According to the tabulation, the invoice price of 93 entries known to have been appraised under American selling price ranged from 93 percent less to 144 percent more than the dutiable value. The invoice price of only 5 of these entries was higher than the American selling price; in all other instances the invoice price was lower. The median difference between dutiable value and invoice price was 49 percent for entries classified in 403.6000, 54 percent for those in 406.5000, and 44 percent for those in 407.8500. The corresponding

1/ Selected from various sources, including the individual entry analysis for the three benzenoid chemical items shown in table 3, Appendix K.

median difference in duty-paid price would be 9 percent for 403.6000 and 407.8500 and 12 percent for 406.5000.

Selected entries of benzenoid chemicals under TSUSA items 403.6000, 406.5000, and 407.8500: Percent difference between current dutiable value and the invoice (or f.o.b.) price; and percent difference between current duty-paid price (based on 1972 rates of duty) and the duty-paid price that would result if 1972 rates were applied to the invoice price, by valuation standard 1967-71

TSUSA item	Difference between current dutiable value and invoice price			Difference between current duty-paid price and duty-paid price based on invoice price		
	No. of entries	Range (percent)	Median (percent)	No. of entries	Range (percent)	Median (percent)
	Selected entries appraised under American selling prices					
403.6000	45	-82.5 to -1.0	-48.7	32	-29.0 to -0.1	-8.9
406.5000	28	-72.1 to 143.9	-53.5	13	-23.7 to 10.3	-11.7
407.8500	20	-92.5 to 14.9	-44.4	7	-17.0 to -5.5	-9.0
	Selected entries appraised under United States value					
403.6000	9	-28.6 to 40.8	-9.9	2	-2.2 to -0.1	-1.2
406.5000	19	-19.4 to 8.7	-13.0	8	-3.3 to 1.4	-0.7
407.8500	13	-25.4 to -2.9	-8.3	3	-2.1 to -0.7	-1.2
	Selected entries believed to have been appraised under American selling price or United States value					
403.6000	4	-47.4 to -27.0	-38.7	4	-8.7 to -3.8	-6.2
406.5000	7	-62.1 to 20.5	-14.5	4	-20.9 to 0.7	-12.7
407.8500	4	-55.9 to -7.4	-21.3	3	-12.3 to -1.9	-3.8
	Selected entries believed to have been appraised under export value					
403.6000	14	0.0 to 0.0	0.0	13	0.0 to 0.0	0.0
406.5000	3	0.0 to 0.0	0.0	1	0.0 to 0.0	0.0
407.8500	11	0.0 to 0.0	0.0	1	0.0 to 0.0	0.0
	Selected entry appraised under foreign value					
406.5000	1	-44.8 to -44.8	-44.8	0	-	-

Source: Compiled from data furnished to the Tariff Commission by the Bureau of Census and the Bureau of Customs.

The invoice price of 41 entries known to have been appraised under United States value ranged from 29 percent less to 41 percent more than the dutiable value. The invoice price of only 4 of these entries was higher than the dutiable value; in all other instances the invoice price was lower. The median difference between dutiable value and invoice price was 10 percent for entries classified in 403.6000, 13 percent for those in 406.5000, and 8 percent for those in 407.8500. The corresponding median difference in duty-paid price would be about 1 percent for all three TSUSA items.

The percent change in dutiable value and in duty-paid price may vary greatly for different products classified in a single TSUSA item. Unpublished data on individual entries included in the tabulation show that the invoice price and the percent difference between dutiable value and invoice price of a single product may vary considerably for different entries from different countries and even for different entries from the same country. Thus, even if allowances are made for the deficiencies of invoice prices, it appears that no method of rate conversion can guarantee that the duty burden imposed on individual entries and the protection afforded domestic producers on individual products would continue even approximately unchanged if American selling price were eliminated.

The foregoing analysis made no adjustment in invoice prices to take account of non-arm's-length transactions. The following analysis and tabulation takes this into account, as indicated in the footnote to the tabulation, and shows, for selected entries classified in TSUSA

items 403.6000, 406.5000, and 407.8500 and appraised under American selling price or United States value, the estimated change in median dutiable value and in median duty-paid price that would result if American selling price were eliminated. The estimated decline in median dutiable value of selected entries appraised under American selling price would be 43 percent for 403.6000, 40 percent for 406.5000, and 44 percent for 407.8500; the corresponding decline in the median duty-paid price would be 8 percent for 403.6000 and 9 percent for the other two TSUSA items. The estimated decline in the median dutiable value of selected entries appraised under United States value would be 5 percent for 403.6000, 4 percent for 406.5000, and 10 percent for 407.8500; the corresponding decline in the median duty-paid price would be 0.6 percent for 403.6000, 0.2 percent for 406.5000, and 1.4 percent for 407.8500.

Selected entries of benzenoid chemicals under TSUSA items 403.6000, 406.5000, and 407.8500 appraised under American selling price or United States value: Estimated change in median dutiable value and in median landed, duty-paid price if ASP were eliminated, 1967-71

TSUSA item	No. of entries	Estimated change in median dutiable value 1/ (percent)	No. of entries	Estimated change in median landed, duty paid price 1/ (percent)
	Selected entries appraised under American selling price			
403.6000	45	-42.7	32	-7.8
406.5000	28	-39.8	13	-8.7
407.8500	20	-43.7	7	-8.9
	Selected entries appraised under United States value			
403.6000	9	-4.9	2	-0.6
406.5000	19	-3.8	8	-0.2
407.8500	13	-10.0	3	-1.4

1/ Estimated by multiplying the median changes shown in columns 4 and 7 of the preceding tabulation by the applicable ratio, shown below, of the average difference between dutiable value and export value to the average difference between dutiable value and invoice price. These ratios are based on data for selected entries made in 1964 and reappraised by customs in connection with the Commission's 1966 study on converted rates.

TSUSA item	Ratio for selected entries appraised under ASP	Ratio for selected entries appraised under U.S. value
403.6000	.876	.494
406.5000	.743	.295
407.8500	.985	1.200

Source: Compiled from data furnished to the Tariff Commission by the Bureau of the Census and the Bureau of Customs.

Certain footwear, canned clams, and wool knit gloves.--In addition to benzenoid chemicals, which are subject to American selling price by statute, products entered under the TSUSA numbers listed below are subject to duty under the provisions of section 336 of the Tariff Act of 1930 on the basis of the American selling price of like or similar articles produced in the United States. The table shows the TSUSA number, description, 1972 rate of duty, and quantity and value of imports in 1971 for each TSUSA item subject to American selling price under the provisions of section 336. Imports classified in 114.0500 and 704.5500 are valued under American selling price only if they are "like or similar", whereas all imports classified in 700.6005-.6030 are "like or similar" and are consequently valued under American selling price. Imports classified in 114.0500 and 704.5500 which are not "like or similar" are appraised under the regular valuation provisions.

Articles, except benzenoid chemicals, subejct to American selling price: TSUSA number, description, 1972 rate of duty, and U.S. imports for consumption, 1971

TSUSA number	Description	1972 rate of duty	Quantity	Imports	
				Quantity	Value
				1,000 units	1,000 dollars
114.0500	Clams, other razor clams, in airtight containers	14% ad val.	pounds	3,172	2,122
	Footwear with fabric uppers and soles of rubber or plastics, like or similar to U.S. footwear:				
	Oxford height:				
700.6005	For men, youths, and boys	20% ad val.	pairs	13,876	16,887
700.6015	For women and misses	20% ad val.	pairs	9,358	7,688
700.6025	For children and infants	20% ad val.	pairs	3,506	2,310
700.6030	Other	20% ad val.	pairs	1,734	2,080
704.5500	Wool knit gloves, valued not over $1.75 per dozen pairs	30¢ per lb. + 26% ad val.	doz. pairs	0	0

Source: Compiled from official statistics of the U.S. Department of Commerce.

Imports of canned clams were valued at $2.1 million in 1971, and came mostly from Japan; imports of footwear classified in 700.6005-.6030, hereinafter referred to as ASP footwear, were valued at $29.0 million in 1971, and came mostly from Korea, Japan, and Taiwan. Imports of wool knit gloves have been negligible in recent years, amounting to less than $1,000 in 1970; there were no imports in 1971.

The following tabulation shows the percent change in dutiable value and in landed duty-paid price that would result if 1972 rates of duty were applied to the f.o.b. price, instead of to the American selling price, of a group of selected entries of canned clams, and of ASP footwear made before September 1970, when customs withheld appraisement of such footwear. The range of percentages is considerably less than that shown by benzenoid chemicals. F.o.b. prices for canned clams ranged from 48 to 66 percent less than the American selling price; those for ASP footwear ranged from 58 to 77 percent less. The reduction in the median dutiable value that would result if the duty were based on the f.o.b. price instead of on the American selling price would be 57 percent for 114.0500, 66 percent for 700.6005, 74 percent for 700.6015, and 75 percent for 700.6025. The reduction in the median landed, duty-paid price would be 30 percent for TSUSA item 700.6025, which is the only one of the four items for which such data were available.

Selected entries of canned clams and footwear appraised under American selling price: Percent change in dutiable value and in landed, duty-paid price if American selling price were eliminated, 1967-71

TSUSA item	No. of entries	Change in dutiable value if ASP were eliminated		No. of entries	Change in landed, duty-paid price if ASP were eliminated	
		Range (percent)	Median (percent)		Range (percent)	Median (per cent)
Canned clams:						
114.0500---	29	-66.4 to -47.7	-57.2	1/	1/	1/
Footwear:						
700.6005---	8	-68.6 to -57.8	-65.6	1/	1/	1/
700.6015---	2	-75.0 to -73.8	-74.4	1/	1/	1/
700.6025---	4	-76.6 to -72.5	-74.5	4	-30.7 to -29.0	-29.8

1/ No entries showing intercountry transport costs were available to permit the calculation of landed duty-paid price.

Source: Compiled from data furnished by the Bureau of the Census and the Bureau of Customs.

Overall effects of adoption of the suggested standards with the f.o.b. alternate

The foregoing sections discussed the effects of eliminating specific features of the present U.S. valuation system. The following pages will consider the overall effect if all of these specific features were eliminated and the f.o.b. alternate of the proposed standards were adopted. Any economic effects that might result from such a change would stem indirectly from a change in dutiable value and directly from a change in the duty paid price or the price effect on imports. Thus, while a change in dutiable value, apart from the application of an ad valorem rate of duty, has no effect, it merits comment in that any economic effects from adoption of new valuation standards would stem from a change in dutiable value.

Effect on dutiable values and duties collected of adopting the f.o.b. alternate.--Of the 1,657 entries in 57 TSUSA items for which data are summarized in Appendix K, table 3, there would be no change in dutiable value for 1,173 entries if the f.o.b. alternate were adopted. For these entries, customs determined the principal market to be the port of export and the transaction price to be a freely offered price at the time of exportation. Of the remaining entries, 245 would show a decrease (marked with an asterisk) and 239 would show an increase.

Of the 484 entries showing either a decrease or an increase, 209 were in the 10 TSUSA items which include commodities on the final list or subject to ASP valuation. Entries in such items also would show the biggest changes in dutiable value, 134 of these 209 entries showing

changes in excess of ± 10 percent. The changes in dutiable value would range from a decrease of 92.5 percent to an increase of 142.1 percent, both extremes being in ASP items. Among the 1,387 entries analyzed and not on the final list or subject to ASP valuation, only 92 would show a change in excess of ± 10 percent.

The Bureau of Customs-Bureau of Census f.o.b.-c.i.f. study for 1970 estimates that prices f.o.b. port of export average 0.2 percent less than current dutiable value. This study, as well as the Tariff Commission analysis of individual import entries, made no attempt to adjust non-arm's-length transaction prices to the equivalent of an open market transaction. As pointed out earlier the reported prices for non-arm's-length transactions may vary somewhat from an open market transaction price. As with the instant study, the Customs-Census study indicates the areas of greatest change to be in items subject to ASP and final list valuation.

Adoption of the f.o.b. alternate of the proposed standards would probably result in a significant change in dutiable value among entries in most ASP items, in some final list items, and in a few items now valued on an ex-factory basis; but the overall effect on dutiable value among entries in other items would appear to be negligible.

The percent change in duty collections that would result from a switch to the proposed f.o.b. alternate would be equal to the percent change in dutiable value for items subject to a straight ad valorem rate of duty. For items subject to a compound rate, the percent change in duty collections would be somewhat less than the change in

dutiable value because of the effect of the specific part of the rate. For most items the change in duty collections would be negligible.

Price effect on imports of adopting the f.o.b. alternate.--As mentioned earlier, the most meaningful indicator of the probable economic effect is the effect on duty-paid price or the maximum price effect. This effect is subject to essentially the same variations discussed for changes in dutiable value but is much smaller than the change in dutiable value, being roughly equal to the change in dutiable value times the rate of duty.

In the Tariff Commission individual entry analysis, data on 928 entries in 56 TSUSA items were available for analysis of the price effect of adoption of the f.o.b. alternate. This analysis is summarized in the next to last column of table 3 in Appendix K. In 45 TSUSA items, the median duty-paid price was unchanged, in 6 items (including 3 items subject to ASP) the median decreased, and in 5 items it increased. Except for the 3 ASP items, the median duty-paid price changed by less than one percent, the maximum changes being an increase of 0.7 percent for TSUSA 256.5600, bound blank books and diaries, dutiable at 10 percent, and a decrease of 0.9 percent for TSUSA 345.5088, polyester knit fabrics, dutiable at 20 percent (plus a specific component).

Of the 928 individual entries, 319 showed a change. Decreases slightly exceeded increases, and in more than half, the change was less than 0.5 percent. About half of the entries showing a change were either on the final list or subject to ASP valuation and it was in these entries that the greatest price effect was indicated. For

a discussion of the price effect of the f.o.b. alternate on articles subject to ASP on final list valuation, see the preceding sections of the report.

Of the 689 entries not subject to ASP or final list valuation only 69 would show an increase or decrease of more than 0.5 percent in duty-paid price. The maximum increase was 13.8 percent on an entry of nonbone china, TSUSA 533.6600, subject to a 36 percent ad valorem duty (plus a specific component). The greatest decrease was 6.3 percent on an entry of glazed ceramic tile, TSUSA 532.2400, subject to a 22.5 percent ad valorem duty. One reason for the increases is the inclusion of currently nondutiable commissions in the country of export, which would become dutiable if the principal market concept were eliminated. It is probable that many of the decreases resulted from non-arm's-length prices and thus are apparent rather than real, since upward adjustments to a competitive price level would be made under the proposed standards fully as much as under the present U.S. system.

In summation there would be a price effect for about one out of three entries analyzed with decreases slightly exceeding increases. The price effect would exceed 0.5 percent for less than one out of ten entries, and these would be concentrated in the final list and, especially, the ASP entries.

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Effect on imports, production and consumption of adopting the f.o.b. alternate.--Adoption of the proposed standards with the f.o.b. alternate and with rates of duty existing on Jan. 1, 1972 would appear to have little overall effect on imports, production or consumption since there would be little overall price effect. On the other hand, in the absence of converted rates of duty, there would probably be a significant effect on imports and production of articles now appraised under ASP and of a few of the articles now appraised under final list standards. Data on price elasticities of the demand for imports, which would be needed to estimate the effect on consumption of such ASP and final list articles are not available.

Probable Economic Effects Associated with U.S. Adoption of the Suggested System of Uniform International Standards with the c.i.f. Alternate

All of the changes in dutiable values that would ensue from U.S. adoption of the f.o.b. alternate would also result from adoption of the c.i.f. alternate. The latter would, in addition, increase dutiable values by including freight, insurance, and other intercountry charges. The only difference between the two alternates lies in the inclusion or exclusion of these charges. Of particular significance as a carry-over effect from the f.o.b. alternate are decreases in dutiable value in most ASP entries and decreases as well as increases in some final list entries. Additional effects on dutiable value resulting from c.i.f. valuation would all be increases. Nevertheless, the net effect on some entries of adoption of the c.i.f. alternate might still be a decrease, if decreases from eliminating specific features of the present U.S. standards exceeded any increases resulting from adding intercountry costs. 1/

The analysis which follows first considers transport and other intercountry costs affecting dutiable value under the c.i.f. alternate entirely apart from any effects from the f.o.b. alternate. The report then analyzes the overall effect of adoption of the c.i.f. alternate on dutiable values and duties collected. This overall effect includes

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1/ As previously indicated, decreases for some entries in the individual entry analysis in the study may also be the result of the method of analysis which based dutiable values on transaction prices with no adjustment for non-arm's-length transactions. Such adjustments which might involve increases or decreases would of course be made in actual administration of the standard.

all the effects of the f.o.b. alternate plus the effect of including intercountry costs in the dutiable value. There will follow a consideration of the overall effect on duty-paid prices (the price effect) and the resulting impact on foreign suppliers, different U.S. ports, and international freight carriers. All the foregoing will be discussed primarily in terms of quantitative effects upon individual import entries as summarized in tables 3-6 of Appendix K. Lastly, consideration will be given to any qualitative conclusions that may be drawn as to the overall effect of adoption of the c.i.f. alternate on production, imports and consumption and its impact on the current account of the balance of payments.

Freight and other intercountry costs

Transport and other intercountry costs in international trade are affected by a variety of variables including the value, weight, bulk, fragility, and perishability of the article, the time and distance shipped, and the mode and availability of transport.

The principal source of data on international freight and insurance and other intercountry costs used in this report is the analysis of selected entries subject to compound and ad valorem duties for the years 1967-71. Data on intercountry costs were obtained for 930 entries in 56 TSUSA items (including 10 TSUSA items subject to valuation under the final list or ASP standards). For 205 of the 213 entries from Canada and Mexico, the price c.i.f. port of entry was the same as the price f.o.b. port of export. For non-contiguous countries the c.i.f. price

exceeded the f.o.b. price by less than 2 percent for 48 entries, by at least 2 percent but less than 10 percent for 380 entries, by at least 10 percent but less than 20 percent for 258 entries, and by 20 percent or more for only 39 entries. Median intercountry costs for the 56 TSUSA items ranged from 0.0 percent of the f.o.b. price for a number of items imported from Canada to 14.8 percent for 700.5320 (boots from Korea) and 14.9 percent for 240.1740 (plywood from Taiwan, Korea, and Japan). The average and median of the median intercountry costs were 6.3 and 6.2 percent, respectively, of the price f.o.b. port of export.

Additional sources of data on intercountry costs are (1) the 1967 Tariff Commission study on c.i.f. valuation, which was based on selected entries made in 1965, and (2) the previously referred to joint Bureau of the Customs-Bureau of the Census f.o.b.-c.i.f. studies. Both the Tariff Commission and Customs-Census studies covered the entire Tariff Schedules including duty-free and specific duty items as well as those subject to compound and ad valorem duties. According to the 1967 TC study, freight and insurance as a percentage of dutiable value in 1965 ranged from 1 percent for a few TSUSA subparts with high unit values (e.g., furskins, gems, precious metals, and watches) to 41 percent for lumber, 54 percent for waste and scrap, 60 percent for fertilizers, and 109 percent for abrasives; the overall average was 10 percent. The joint Customs-Census study showed c.i.f. values averaging 8.3 percent of dutiable value in 1966 and 6.2 percent of dutiable value in 1970.

One major reason for the difference between the results for 1966 and 1967 as compared with those for 1970 is a shift in U.S. import trade away from raw materials and semi-manufactures, with a generally high intercountry transport component of value, to manufactures with a lower transport cost in relation to value. Manufactured articles other than food, beverages and tobacco accounted for 52 percent of U.S. imports in 1965 and 67 percent in 1971. The increasing relative importance of imports from Canada, which are generally subject to little or no international transport cost, would also tend to reduce the overall ratio of intercountry costs to value. While only 22 percent of U.S. imports came from Canada in 1965, almost 28 percent came from Canada in 1970 and 1971. Also abetting this tendency is the increased use of containerized shipping, improved cargo handling facilities, and larger and more efficient ships. Thus, it would appear that current intercountry charges on U.S. imports may be lower than the 8-10 percent indicated by the earlier studies.

Effect on dutiable values and on the amount of duties collected of adoption of the c.i.f. alternate

The overall effect on dutiable values of adoption of the c.i.f. alternate has been measured for 936 individual import entries (see table 3, Appendix K). Since there is a carry-over effect on dutiable value from elimination of ASP and the final list that is not related to c.i.f. valuation, these items will be considered first.

The ASP entries analyzed were from non-contiguous countries, mainly West Germany and Japan, so that all included a transport component in dutiable value. Of the 91 entries valued under ASP standards, 66 showed a net decrease in dutiable value under the c.i.f. alternate. For most of these the decrease was substantial--exceeding 20 percent. A net increase in dutiable value was shown in 25 entries, but the increases were mostly small, only 5 exceeding 20 percent. The median changes in dutiable value for entries in the three ASP items are shown in the following tabulation. The extreme ranges were a 92.5 percent decrease and a 155.4 percent increase.

Of the 936 entries analyzed for effect of adoption of the c.i.f. alternate on dutiable value, 184 (exclusive of a few ASP entries) were on the final list and the big majority of these, 124, showed an increase in dutiable value because the addition of transport costs more than offset reductions from eliminating the final list. Most of the increases were less than 20 percent. There were 16 final list entries showing decreases and 44 showing no change in dutiable value under the c.i.f. alternate. All of those showing no change and many of those showing a decrease were from either Canada or Mexico with no transport cost in the dutiable value and little or no effect from elimination of the final list.

The median changes in dutiable value for entries in the three ASP items and in the seven final list items were as follows:

	Percent
ASP items:	
403.6000 - cyclic intermediates	-37.6
406.5000 - colors, dyes, stains	-13.3
407.8500 - drugs	-36.1
Final list items:	
310.0215 - textured yarns	5.0
446.1500 - synthetic rubber	0.0
519.5100 - abrasive papers	0.3
685.3000 - radio phonograph combinations	0.0
692.1020 - automobiles	13.9
694.6000 - aircraft parts	0.0
722.1640 - cameras	1.6

The extreme ranges for the final list items were a decrease of 54.6 percent and an increase of 125.9 percent.

An additional 661 entries that were neither subject to ASP nor on the final list were analyzed for effect on dutiable value under the c.i.f. alternate. About one-fifth--124--of these were from Canada or Mexico and showed no change in dutiable value. As would be expected most of the remainder--507--showed an increase because of the inclusion of transport and other intercountry charges in the dutiable value. All but 39 showed an increase of less than 20 percent and over half--288--showed an increase of less than 10 percent. The decreases, of which there were 30, probably resulted in most instances from use of a non-arm's-length transaction price and thus are apparent rather than real since adjustments to a competitive price level would be used under the proposed standard fully as much as under the present U.S. system. The extreme ranges were from a decrease of 51.2 percent to an increase of 95.5 percent.

The only conclusion justified by the available data in that overall dutiable values would increase--mostly be less than 10 percent--if the United States were to adopt the proposed c.i.f. alternate while maintaining current rates of duty. This change would show extreme variations for individual entries depending on such factors as the unit value, the quantity shipped, the distance of the supplying country from the port of entry, and the type of carrier utilized.

The percent change in duties payable that would result from U.S. adoption of the c.i.f. alternate would be exactly equal to the percent change in dutiable value for all TSUSA items with a simple ad valorem rate of duty; for items with a compound rate, however, the change in duties payable would be somewhat less than the change in customs value because of the effect of the specific part of the rate.

Price effect of adoption of the c.i.f. alternate

The maximum effect on duty-paid prices under the c.i.f. alternate would be roughly equal to the change in dutiable value times the current rate of duty. The price effect of adoption of the c.i.f. alternate was measured for 936 individual import entries in 56 TSUSA items (see the last column in table 3, Appendix K). In 6 TSUSA items involving imports primarily from Canada or Mexico, the median duty-paid price was unchanged; in all three ASP items the median decreased, the largest decrease being 6.1 percent for TSUSA 403.6000, cyclic inter-

mediates, dutiable at 12.5 percent (plus a specific component) 1/; and in all other items the median duty-paid price increased. The increases exceed 1 percent for 14 items, the largest increases being 3.7 percent for TSUSA 700.5320, boots, dutiable at 37.5 percent, and 2.6 percent for TSUSA 222.4200, rattan baskets, dutiable at 25 percent.

Of 91 individual entries subject to ASP valuation, 66 showed a net decrease in duty-paid price. In over half of these the duty-paid price declined by at least 5 percent and in more than one-fourth the duty-paid price declined by more than 10 percent. Duty-paid prices increased in 21 of the ASP entries either because the duty on intercountry transport costs under the c.i.f. alternate more than offset the decreases in duty-paid prices resulting from elimination of ASP or because the entries in question were noncompetitive items not valued under ASP. Most increases, however, were of small magnitude.

Of 184 entries appraised under the final list standards, a large majority showed an increase in duty-paid price, but only 10 of the 184 entries showed an increase in excess of 1 percent. Fourteen final list entries showed a decline in duty-paid price.

An additional 661 entries that were neither subject to ASP nor on the final list were analyzed for price effect under the c.i.f. alternate. About one-fifth--124--of these were from Canada or Mexico and showed no price effect. Three out of four either showed no change or had an

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1/ In the earlier section dealing specifically with American selling price under the f.o.b. alternate additional entries were analyzed including entries of certain footwear. The ASP footwear entries in item 700.6025 would show a decline of close to 30 percent in duty-paid price with the elimination of American selling price.

increase in duty-paid price of less than one percent. Forty-seven of the 661 entries showed an increase of more than 2.5 percent. However, most of these 47 entries were ceramic products from Japan subject to official minimum export prices, which were reported in the documents as transaction prices but which were discounted by U.S. customs officers as being above the actual transaction price and would be discounted under the proposed standard as well. Thus the increase in duty-paid price for these entries under the c.i.f. alternate would be smaller than the calculations indicate. Twenty-eight of the 661 entries showed a decrease, but these decreases are presumably the result of faulty methodology (assuming all transaction prices to be arm's length) and would not occur under the proposed standard. The greatest percentage changes in calculated duty-paid price under the c.i.f. alternate were an increase of 14.7 percent for an entry under TSUSA 533.6600, nonbone china, dutiable at 36 percent (plus a specific component), and a decrease of 6.3 percent for an entry under TSUSA 532.2400, glazed ceramic tile, dutiable at 22.5 percent.

The overall median of the price effect of adoption of the c.i.f. alternate for the 936 entries, including ASP and final list items, was an increase of 0.3 percent and the median of the medians by TSUSA item was an increase of 0.4 percent. As previously indicated, the 936 entries used here are not necessarily a representative sample.

An indication of the overall price effect may also be derived from other studies. The 1967 Tariff Commission study on freight and

insurance charges for 1965 indicated such charges to be equal to about 10 percent of reported value in official import statistics based on existing U.S. standards. The joint Customs-Census f.o.b.-c.i.f. studies indicate a c.i.f. to current dutiable value ratio at about 8.3 percent for 1966 and about 6.2 percent for 1970. The weighted average tariff rate for imports in 1972 subject to ad valorem and compound duty rates is estimated to be about 9.8 percent. Applying this to the ranges of intercountry cost ratios in these various studies gives approximate overall price effects of adoption of the c.i.f. alternate of from 0.6 to 1.0 percent.

These calculations may misstate the price effect in that both the current Tariff Commission analysis and the Customs-Census studies base c.i.f. prices on reported transaction prices which may be either higher or lower than open market transaction prices or their equivalent, which would be applied in actual operation of the proposed standard. On the other hand the method may also tend to overstate the price effect in that the 1967 Tariff Commission study and the Customs-Census studies include duty-free and specific duty items whose prices are not generally affected by customs valuation. Such items are also concentrated in the crude materials and semimanufactures which generally have a higher ratio of intercountry transport cost to value than do manufactured items which are usually subject to ad valorem or compound duties. Despite the shortcomings of the method of analysis and the uncertainty as to the current overall ratio of intercountry costs to value, it appears, in any event, that for items subject to ad valorem and compound duties, the overall

maximum price effect of adoption of the c.i.f. alternate would be on the order of one percent or less with retention of Jan. 1, 1972 rates of duty.

The effect of including intercountry costs in dutiable value obviously has a differential effect depending on distance of supplying country, port of entry and means of transport of the particular entry. The price effect calculated for these variables for certain entries is presented in the last column of tables 4, 5, and 6 of Appendix K. Each of these variables and tables will be discussed separately below.

Geographic impact among foreign suppliers.--The greatest adverse effect on a country resulting from a U.S. switch to the c.i.f. alternate would occur where (1) the costs of shipping exports to the United States are high, and (2) the United States maintains relatively high ad valorem rates of duty against such exports. (Combined, these two factors determine the maximum price effect. The effect would be less than the maximum, however, if part or all of the duty increase were absorbed by exporters or importers.) Examples of countries which meet the first condition would be distant countries, while countries exporting textiles, ceramics, and some items in the category of miscellaneous manufactured articles would meet the second condition. Japan and some of the other Asian countries generally meet both conditions.

Data from the individual entry analysis in the last two columns of table 4 in Appendix K show the range and median of increases in duty-paid price for 284 entries in 9 TSUSA items from contiguous countries (Canada and Mexico), from relatively near but non-contiguous countries

(various West European countries), and from a distant country (Japan) to ports other than those located on the west coast of the United States. For entries in five of the nine TSUSA items, the median increase would be greater for one European country than for Japan; and for two of the nine items, the median increase would be the same for the European country as for Japan, even though Japan is geographically farther. There would be little or no increase for entries from Canada and Mexico. The only one of the nine items on which a nearby country might conceivably benefit would be glazed ceramic tiles from Mexico.

Given the generally small increases in duty-paid prices from distant countries, the oeverall benefit to nearby countries and disadvantages to distant countries would probably be quite small. Consequently, U.S. adoption of the c.i.f. alternate would probably have little geographic impact on foreign suppliers of most U.S. imports, especially since many importers might be reluctant to switch suppliers in the event of small price changes.

Impact on different U.S. ports.--A priori, one might expect that ports in the New York, Los Angeles, and San Francisco customs regions might be affected by U.S. adoption of the c.i.f. alternate, since they import the largest share of high ad valorem duty commodities (textiles and miscellaneous manufactured articles) from distant areas (Japan and other Asian countries) by vessel. Thus, some shipments by vessel from Asian countries to east coast ports might be diverted to the west coast. Similar situations with respect to imports from Europe might lead to diversion of some shipments from west coast ports to the east coast.

For an importer located on or near either coast, however, a small increase in duty-paid price would rarely justify switching ports from one coast to another, because in most cases the cost of inland transportation from the more distant coast would more than offset any conceivable savings in shipping costs and duty. Thus, it would not pay an importer located on the east coast to bring goods from Japan by vessel through San Francisco instead of New York, because the extra ocean freight and the duty on the extra freight would almost certainly be less than overland transportation cost from San Francisco to the east coast.

Even for importers located in the interior of the United States, the change in duty would probably not be great enough to induce a shift from one U.S. port to another. This is borne out by data on 392 entries in 36 TSUSA items in table 5, covering 48 instances in which shipments in a given TSUSA number from a given country were imported through both east and west coast ports. In 12 out of the 48 cases, the median increase in duty-paid price under the c.i.f. alternate would, as expected, be higher (by more than 0.1 percent) for the more distant port; in 21 cases, the median increase would be about the same (not more than + or -0.1 percent) for near and distant ports; and in 15 cases the median increase for the distant port would be less (by more than 0.1 percent) than for the nearer port. Since duty-paid prices would behave as expected in less than half the cases studied, and since the increase in duty-paid prices would be less than one percent for most commodities entering U.S. ports, one should not expect any noticable effect on

different U.S. ports if the United States should adopt the c.i.f. alternate.

Impact on different modes of transport.--Most U.S. imports by vessel are carried on lines which are members of a shipping conference. Different conference rates apply to the four different conference regions of the United States, viz. Great Lakes, North Atlantic, Gulf, and Pacific. Independent charter ships account for a minor portion of the value of U.S. imports subject to ad valorem duties. To compete with conference rates, independent freight rates are usually somewhat less than conference rates but vary widely for different products and at different times.

Table 8 in Appendix K shows U.S. imports by mode of transportation in 1970 as follows: 62.0 percent by vessel, 8.5 percent by air, and 29.5 percent by "other", a category consisting primarily of imports from Canada and Mexico by rail and road. More than half of U.S. imports in each of the nine specific commodity groupings shown in the table, and more than three-fourths of U.S. imports of food and live animals, beverages and tobacco, and animal and vegetable fats and oils, were carried by vessel. More than 28 percent of U.S. imports of miscellaneous manufactured articles and commodities and transactions not classified according to kind was carried by air. One-fourth or more of U.S. imports of six out of the 10 groupings shown in the table was carried by train or truck--a fact which reflects the position of Canada as the leading supplier of U.S. imports. In relation to articles subject to ad valorem and compound duties, imports by air are relatively

more important and imports from Canada are less important than indicated above.

Data on 65 entries in five TSUSA items, covering seven instances in which shipments in a given TSUSA item from a given country were entered through ports in a given geographical area both by air and by ocean freight, are shown in table 6. As expected, the increase in the median duty-paid price was higher for air freight in five out of seven instances. Excluding entries subject to ASP, the duty-paid price under the c.i.f. alternate of the selected entries shown in table 6 would range from 0.2 to 1.4 percent more than the current duty-paid price for air shipments and from 0.1 to 0.9 percent more for ocean shipments. From the limited data available, it appears tha the slightly higher increase in duty-paid price for air shipments under the c.i.f. alternate would generally not increase the existing price differential between air and ocean freight sufficiently to cause any serious loss of business for air freight carriers.

In some cases, however, the choice of the mode of transport to be used for a particular shipment might conceivably be affected by U.S. adoption of the c.i.f. alternate. Thus, some articles with a high ad valorem rate of duty (e.g., some items in the miscellaneous manufactured articles category) might be switched from air to ocean or other transport. Commodities for which prompt and fast delivery is essential (e.g. cut flowers) and those with low ad valorem rates would obviously not be affected.

Effects on imports, production and consumption of adoption of the c.i.f. alternate

Given the unavailability of demand and supply elasticities for individual TSUSA items or larger import groups, the impact of adoption of the proposed c.i.f. alternate on imports, production, and consumption cannot be quantitatively measured. Nevertheless, in view of the small indicated increase in the overall duty-paid price of imports of less than one percent, the overall impact on imports, domestic production, and consumption would almost certainly be small. However, for certain commodities currently subject to valuation under American selling price and for a few articles on the final list, reductions in duty-paid prices from adoption of the proposed standard at current rates of duty would probably result in significantly larger imports and price competition to domestic producers.

While the ASP articles and a few final list articles appear to be the chief area of significant economic impact among the limited number of entries analyzed, there are undoubtedly other products in the tariff schedules for which the trade might be significantly affected by adoption of the c.i.f. alternate, e.g. boots and rattan baskets, for which the calculated median price effects were 3.7 and 2.6 percent, respectively. Of course, the impact of any change in the burden of the duty would be cushioned to the extent that exporters or importers absorbed the change in duty.

Effects on the Current Account of the Balance of Payments

In view of the likely negligible overall price effect of adoption of the f.o.b. alternate of the suggested standard, there would likely be no discernible effect on the current account of the balance of payments. The probable impact of a switch to the c.i.f. alternate depends largely on the extent to which it would reduce imports and discourage long-distance shipping. With regard to the overall value of imports, the current account will improve to the extent that the increase in duty-paid prices reduces imports. Assuming that the full increase in duty is passed on to the importer, the extent of any decrease in imports will depend on the price elasticity of the demand for imports. Since it has been found that in most cases the increase in import prices would be less than one percent the impact on imports and the current account would be quite small. It would be still smaller if the foreign supplier should absorb all or part of the increased duty.

Since a shift to c.i.f. valuation from the present f.o.b. basis may tend to discourage long-distance shipping and encourage short-distance shipping, it may contribute to a decrease in the total shipping costs of U.S. imports. In calendar year 1970, 17.2 percent of total vessels entering U.S. ports were registered under the U.S. flag while 82.8 percent were foreign flag vessels. In terms of tonnage, the percentages were 10.3 and 89.7, respectively. 1/ Thus, since most U.S. imports are carried in foreign flag vessels, it appears that the c.i.f.

1/ Bureau of the Census, U.S. Water-borne Foreign Trade, FT975, 1971.

alternate might diminish U.S. payments to foreign shippers and thereby have a favorable impact on the current account. However, since it was previously indicated that there may be less price effect on articles from the more distant countries than might be expected, no measurable improvement in the current account is to be anticipated through fewer services provided by foreign-flag ships.

Considering that many other and more important factors influence the current account (such as relative price levels, income changes, government spending abroad and earnings from foreign investment) the effect on the current account of adoption of either the f.o.b. or c.i.f. alternate would be small relative to other factors.

A P P E N D I C E S

Appendix A. Introduction

1. Letter from Chairman of Senate Finance Committee

RUSSELL B. LONG, LA., CHAIRMAN

CLINTON P. ANDERSON, N. MEX.
HERMAN E. TALMADGE, GA.
VANCE HARTKE, IND.
J. W. FULBRIGHT, ARK.
ABE RIBICOFF, CONN.
FRED R. HARRIS, OKLA.
HARRY F. BYRD, JR., VA.
GAYLORD NELSON, WIS.

WALLACE F. BENNETT, UTAH
CARL T. CURTIS, NEBR.
JACK MILLER, IOWA
LEN B. JORDAN, IDAHO
PAUL J. FANNIN, ARIZ.
CLIFFORD P. HANSEN, WYO.
ROBERT P. GRIFFIN, MICH.

TOM VAIL, CHIEF COUNSEL

United States Senate

COMMITTEE ON FINANCE
WASHINGTON, D.C. 20510

April 21, 1971

The Honorable
Glenn W. Sutton
Presiding Commissioner
U.S. Tariff Commission
Washington, D. C.

Dear Mr. Commissioner:

On March 31, 1971 I announced the establishment in the Committee on Finance of a Subcommittee on International Trade to look into policy questions associated with the shaping of a new international trade program for the United States. The Subcommittee will be chaired by the Honorable Abraham Ribicoff.

At the time I made my announcement I indicated that the Subcommittee was also charged with the responsibility of making inquiries into a series of issues associated with the reciprocal trade program. Among these were subject matters which the Committee on Finance felt should be studied and reported on by the Tariff Commission. Senator Ribicoff's Subcommittee plans to pursue this work and in this connection I urge the Tariff Commission to extend to the Subcommittee on International Trade the same courtesies and considerations you would show the full Committee. I would also expect that the Commission will be able to obtain full cooperation of other agencies of government in connection with its work on these studies.

With every good wish, I am

Sincerely,

Russell B. Long

Chairman.

2. Letter from Chairman of Subcommittee on Trade

RUSSELL B. LONG, LA., CHAIRMAN
LANTON P. ANDERSON, N. MEX. WALLACE F. BENNETT, UTAH
SELMAN E. TALMADGE, GA. CARL T. CURTIS, NEBR.
ARLE M[illegible] E, IND. JACK MILLER, IOWA
. W. P[illegible] T, ARK. LEN B. JORDAN, IDAHO
TOMAS[illegible] COFF, CONN. PAUL J. FANNIN, ARIZ.
[illegible]D R. HARRIS, OKLA. CLIFFORD P. HANSEN, WYO.
HARRY F. BYRD, JR., VA. ROBERT P. GRIFFIN, MICH.
ALLOTT[illegible] NELSON, WIS.

TOM VAIL, CHIEF COUNSEL

United States Senate

COMMITTEE ON FINANCE
WASHINGTON, D.C. 20510

April 21, 1971

The Honorable
Glenn W. Sutton
Commissioner
U. S. Tariff Commission
Washington, D. C.

Dear Mr. Commissioner:

As you may know, the Committee on Finance determined during its deliberations of the Trade Act of 1970 that the Tariff Commission should undertake a number of studies dealing with crucial issues in the field of foreign trade. These studies are listed below:

(1) The tariff and nontariff barriers among principal trading nations in the industrialized countries, including an analysis of the disparities in tariff treatment of similar articles of commerce by different countries and the reasons for the disparities;

(2) The nature and extent of the tariff concessions granted in trade agreements and other international agreements to which the United States is a party by the principal trading nations in the industrialized countries;

(3) The customs valuation procedures of foreign countries and those of the United States with a view to developing and suggesting uniform standards of custom valuation which would operate fairly among all classes of shippers in international trade, and the economic effects which would follow if the United States were to adopt such standards of valuation, based on rates of duty which will become effective on January 1, 1972; and

The Honorable
Glenn W. Sutton
April 21, 1971
Page -2-

(4) The implications of multinational firms on the patterns of world trade and investment and on United States trade and labor.

The Subcommittee on International Trade of the Senate Finance Committee met in executive session on April 20 and agreed to request the Tariff Commission to proceed to study these issues and report to the full Committee as it completes various phases of its work. We would hope that the Commission could supply the full Committee with the results of its findings on these issues on a timely basis together with supplementary materials which may aid the Committee in its oversight review of U. S. foreign trade policies.

Best wishes,

Sincerely,

Abe Ribicoff

3. Notices of Investigation and Public Hearings

UNITED STATES TARIFF COMMISSION
Washington, D.C.

[332-68]

CUSTOMS VALUATION PROCEDURES OF U.S. AND FOREIGN COUNTRIES

Notice of Study

In response to requests, dated April 21, 1971, by the Committee on Finance, United States Senate, and its Subcommittee on International Trade, the United States Tariff Commission under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) has instituted a study of the customs valuation procedures of foreign countries and those of the United States with a view to developing and suggesting uniform standards of customs valuation which would operate fairly among all classes of shippers in international trade, and the economic effects which would follow if the United States were to adopt such standards of valuation, based on rates of duty which will become effective on January 1, 1972.

The methods employed by the Commission in obtaining information pertinent to the study include all those specified in Rule 201.9 of the Commission's Rules of Practice and Procedure. This rule states that the Commission obtains pertinent information from its own files, from other agencies of the Government, through questionnaires and correspondence, through fieldwork by members of the Commission's staff, and from testimony and other evidence which may be presented at public hearings. Interested parties are urged to submit written statements relevant to the study. Due notice will be given of any hearing which may later be scheduled.

The Committee on Finance has requested that other agencies within the government cooperate in furnishing information and assistance to the Tariff Commission in this study.

Any correspondence relating to the study should be addressed to the Secretary, U.S. Tariff Commission, Washington, D. C. 20436.

By order of the Commission:

Kenneth R. Mason

Kenneth R. Mason
Secretary

Issued: April 30, 1971

UNITED STATES TARIFF COMMISSION
Washington, D.C.

[332-68]

NOTICE OF PUBLIC HEARINGS AND RELEASE OF STAFF REPORT IN STUDY OF CUSTOMS VALUATION PROCEDURES OF THE UNITED STATES AND FOREIGN COUNTRIES

Notice is hereby given that the United States Tariff Commission has ordered public hearings to be held in connection with its study of the customs valuation procedures of the United States and foreign countries under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)). The hearings will be held in Washington, D.C., beginning September 11, 1972; San Francisco, Calif., beginning September 19, 1972; and New Orleans, La., beginning September 26, 1972, as hereinafter provided.

The study of customs valuation procedures was initiated in April 1971 in response to requests by the Committee on Finance, United States Senate, and its Subcommittee on International Trade, that the Commission study the customs valuation procedures of foreign countries and those of the United States with a view to developing and suggesting uniform standards of customs valuation which would operate fairly among all classes of shippers in international trade, and the economic effects which would follow if the United States were to adopt such standards of valuation.

Concurrently with this notice, the Commission is releasing an interim report prepared by its staff to facilitate this hearing and to serve as a basis for the final report to the Committees. The report describes the customs valuation requirements of the United States

and selected foreign countries, discusses the principles that should be followed in the formulation of uniform standards of customs valuation that comply with the Committees' directive, and sets forth, with pros and cons, the elements for the two standards, viz., so-called c.i.f. and f.o.b. standards, that are the most likely candidates for use as the suggested uniform international standard. Copies of the report (TC Publication No. 501) will be available on request from the office of the Secretary, U.S. Tariff Commission, Washington, D.C. 20436.

The Commission solicits from all interested parties their views on the study, including constructive comments and criticism on the factual, analytical, and other aspects of this interim report. The Commission also solicits from interested parties their views and facts with respect to the economic effects which would follow if the United States were to adopt the suggested c.i.f. standard; the suggested f.o.b. standard; and any other standard that may be suggested by the interested party. The views with respect to economic effects should treat with such effects based upon the assumed continuation of the current rates of duty.

Date and place of hearings

The hearings in Washington, D.C., will be held in the Hearing Room, Tariff Commission Building, 8th and E Streets, N.W., Washington, D.C., beginning at 10:00 a.m. EDT on September 11, 1972. The hearings in San Francisco, Calif., will be held beginning at 10:00 a.m. PDT on September 19, 1972, and those in New Orleans, La., beginning at 10:00 a.m. CDT on September 25, 1972; a further public notice will be issued at an early date giving the location of the hearings in those cities.

Entry of appearances

Interested parties desiring to appear and to be heard should notify the Secretary of the Commission, in writing, at least by September 5, 1972. The notification should indicate the name, address, telephone number, and organization of the person filing the request; the name and organization of the witnesses who will testify; the location (Washington, D.C., San Francisco, Calif., or New Orleans, La.) at which testimony will be given; and an estimate of the aggregate time desired for presentation of oral testimony by all witnesses who will testify.

Allotment of time

Because of the limited time available, the Commission reserves the right to limit the time assigned to witnesses. In this connection, experience in similar previous hearings has indicated that in most cases the essential information can be effectively summarized in an oral presentation of not over 30 minutes. Parties desiring an allowance of time in excess of this amount should set forth any special circumstances in support of such request. Witnesses may supplement their oral testimony with written statements of any desired length, as provided for hereinafter under "written submissions."

Notification of appearance

Persons who have properly filed requests to appear will be individually notified of the place at, and date on, which they will be scheduled to present oral testimony and of the time alloted for presentation of such testimony.

Questioning of witnesses

Questioning of witnesses will be limited to members of the Commission and the Commission's staff.

Written submissions

1. All parties intending to appear are requested to submit to the Commission copies of their prepared testimony, or a summarization thereof, not later than the following dates:

For appearances in Washington, D.C., September 5, 1972;
For those in San Francisco, Calif., September 13, 1972; and
For those in New Orleans, La., September 19, 1972

2. Witnesses may supplement their oral testimony by written statements of any desired length submitted in the course of the hearing or subsequently. Such statements, to be assured of consideration, should be submitted not later than September 30, 1972.

3. Interested parties may submit written statements of information and views, in lieu of appearances at the public hearings. Such statements should be submitted at the earliest practicable date, but, to be assured of consideration, not later than September 30, 1972.

4. With respect to any of the aforementioned written submissions, interested parties should furnish a signed original and nineteen (19) true copies. Business data to be treated as business confidential shall be submitted on separate sheets, each clearly marked at the top

"Business Confidential", as provided for in section 201.6 of the Commission's Rules of Practice and Procedure.

By order of the Commission:

G. Patrick Henry
Acting Secretary

Issued: August 1, 1972

UNITED STATES TARIFF COMMISSION
Washington, D.C.

[332-68]

CUSTOMS VALUATION PROCEDURES OF THE UNITED STATES
AND FOREIGN COUNTRIES

Notice of Place of Hearings at
San Francisco, Calif., and New Orleans, La.

On August 1, 1972, the Tariff Commission announced public hearings to be held in connection with its study of the customs valuation procedures of the United States and foreign countries under section 332(g) of the Tariff Act of 1930 (37 F.R. 15901). Hearings were scheduled for Washington, D.C., beginning September 11, 1972; San Francisco, Calif., beginning September 19, 1972; and New Orleans, La., beginning September 25, 1972.

As previously announced, the hearing in Washington, D.C., will be held in the Hearing Room, Tariff Commission Building, 8th and E Streets, N.W., Washington, D.C., beginning at 10:00 a.m. EDT on September 11, 1972. The hearing in San Francisco, Calif., will be held in the courtroom of the U.S. Tax Court, Federal Office Building, 450 Golden Gate Avenue, San Francisco, Calif., beginning at 10:00 a.m. PDT on September 19, 1972. The hearing in New Orleans will be held in the Hearing Room of the Federal Trade Commission, Masonic Temple Building, 333 St. Charles Street, New Orleans, La., beginning at 10:00 a.m. CDT on September 25, 1972.

Requests to appear and written statements by interested parties must conform with the requirements pertaining thereto in the aforementioned public notice of August 1, 1972.

All communications regarding the investigation should be addressed to the Secretary, United States Tariff Commission, Washington, D.C. 20436.

By order of the Commission:

Kenneth R. Mason

Kenneth R. Mason
Secretary

Issued: August 23, 1972

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UNITED STATES TARIFF COMMISSION
Washington, D.C.

[332-68]

CUSTOMS VALUATION PROCEDURES OF THE UNITED STATES AND FOREIGN COUNTRIES

Notice of Consolidation of Hearings at Washington, D.C.

On August 1, 1972, the Tariff Commission announced public hearings to be held in connection with its study of the customs valuation procedures of the United States and foreign countries under section 332(g) of the Tariff Act of 1930 (37 F.R. 15901). Hearings were scheduled for Washington, D.C., beginning September 11, 1972; San Francisco, Calif., beginning September 19, 1972; and New Orleans, La., beginning September 25, 1972.

Because of lack of response the hearings in San Francisco, Calif., and New Orleans, La., were cancelled by the Commission on September 6, 1972. The two cancelled hearings will be consolidated with the hearing to be held in Washington, D. C., in the Hearing Room of the Tariff Commission Building, 8th and E Streets, N.W., beginning at 10:00 a.m. EDT on September 11, 1972.

By order of the Commission:

Kenneth R. Mason

Kenneth R. Mason
Secretary

Issued: September 7, 1972

Appendix B. Text of Standard with c.i.f. and f.o.b. Alternates for Place Published in the Staff Report of July 1972 (Tariff Commission Publication 501) to Serve as a Basis for the Public Hearings

(The c.i.f. alternate proposal omits the underlined parts; the f.o.b. alternate includes them.)

The customs value of imported merchandise shall be the normal price, as determined under the provisions of paragraphs (a), (b), and (c), <u>less the expenses defined in paragraph (d)</u>.

(a) The normal price of imported merchandise is the price it would command at the time it arrives in the customs territory of the importing country. The normal price shall be based on the following assumptions:

(1) That there is a sale in the open market between a buyer and a seller independent of each other and that--

(A) The price is the sole consideration given for an absolute right to possession and use of the merchandise;

(B) The price is not influenced by any commercial, financial or other relationship, whether by contract or otherwise, between the seller or any person associated in business with him and the buyer or any person associated in business with him, other than the relationship created by the sale itself; and that

(C) No part of the proceeds of any subsequent re-sale, use, or disposal of the goods will accrue, either directly or indirectly, to the seller or any person associated in business with him. Two persons shall be deemed to be associated in business with one another if, whether directly or indirectly, either of them has any interest in the business or property of the other, or both have a common interest in any business or property, or some third person has an interest in the business or property of both of them.

(2) That the seller will bear all costs, charges and expenses incidental to the sale and delivery of the merchandise to the place of introduction into the customs territory of the importing country. The place of introduction into the customs territory is ex-dock port of entry, except that for goods which arrive at the port of entry by air, inland waterway, rail, or road, the place of introduction is the first port along the route actually followed by the carrier between the customs frontier and the port of entry at which entry could be made, provided proof is furnished to the customs authorities that the freight to the port of entry is higher than that to the first port.

(3) That the buyer will bear any duties and taxes applicable in the importing country to such merchandise.

(4) That the sale is a sale of the quantity to be valued to a person at the same commercial level as the importer, except that shipments which constitute only a partial fulfillment of a contract may be valued on the basis of the total quantity specified by the contract.

(b) The purchase (transaction) price of imported merchandise may be accepted as the value for purposes of this section if:

(1) The merchandise is imported with no undue delay caused by the importer after it has been purchased or ordered;

(2) The purchase price corresponds, at the time it is agreed upon, to prices in a sale between a buyer and a seller independent of each other; and

(3) The purchase price is adjusted, if necessary, to take account of circumstances of the sale which differ from those on which the normal price is based.

(c) In determining the normal price, the appropriate customs officer shall be guided by the Interpretative and Explanatory Notes to the Convention on the Valuation of Goods for Customs Purposes, except when these Notes are inconsistent with this standard.

(d) <u>All charges for freight, insurance, and any other expenses paid or payable for transporting the merchandise from alongside the carrier at the port of exportation and placing it ex-dock at the port of entry, or at the port accepted in lieu of the port of entry under the provisions of paragraph (a)(2), shall be deducted from the normal price in order to determine the customs value</u>.

Appendix C.--Positions of Interested Parties as Indicated by Oral Testimonies and Written Briefs Submitted to the Tariff Commission in Connection with the Public Hearings on Customs Valuation

Name of respondent and nature of submission 1/	Competitive transaction price as primary basis for valuation	Nature of statutory guidance	Place	Position on specific features of U.S. present system			Other comments
				Usual wholesale quantity	Final list	A.S.P.	
Acme Premium Supply Corporation (jobber-manufacturer-importer) - B	Oppose	Positive	Principal market	Retain	Retain	Retain	Keep present system. Evaluation of c.i.f. cost factors would be a heavy burden to U.S. customs.
Air Transport Association of America - B	Favor	Notional	Port of export	Eliminate	Eliminate	Eliminate	Qualified support of Brussels Definition of Value (so long as air shipments are not adversely affected); endorses f.o.b. opposes c.i.f.--"first port" concept in c.i.f. proposal is unfair.
Allis Chalmers Corporation (manufacturer-importer-exporter) - B	Oppose	Positive	Principal market	-	Eliminate	-	Alternate valuation criteria needed to avoid under or over-valuation. Suggests that tariff studies usually result in increased duties, hence, opposes tariff revision. Opposes change from f.o.b. to c.i.f.
Aluminum Association, The (international interests) - B	-	-	-	-	-	-	Seeks an improvement in U.S. import statistics; takes no position at this time on other issues.
American Association of Port Authorities, The - B	-	-	Port of export	-	-	-	Favors f.o.b. approach because of possible shifts in competitive positions among U.S. ports and because adoption of c.i.f. would raise duty levels.
American Importers Association, Inc. - BT	Favor	Positive	Ex-factory or port of export	Eliminate	Eliminate	Eliminate	Proposes a primary standard based on transaction price and a single alternate standard based on cost of production without specifying a definite time and place for valuation.
American Institute for Imported Steel, Inc. - B	Favor	Notional	Port of export	Eliminate	Eliminate	Eliminate	Favors Brussels Definition of Value on f.o.b. basis. U.S. valuation laws assessing duties on date-of-exportation rather than date of contract are unfair and should be changed.
American Iron & Steel Institute (domestic manufacturers) - B	Favor	Positive	Port of entry	-	-	-	Urges replacement of all specific duties on steel products with ad valorem duties; endorses c.i.f. system.
American Textile Manufacturers Institute, Inc. (domestic membership) - B	Favor	Notional	Port of entry	Eliminate	-	-	Favors expansion of textile quota system.
American Watch Association, Inc. (manufacturers & importers) - B	Favor	Notional	2/	Eliminate	Eliminate	Eliminate	Favors f.o.b., but is not specific with respect to place in country of export.
Associated Pipe Organ Builders of America (domestic membership) - B	Favor	-	Installed in country of import	-	-	2/	Pipe organs should be valued under ASP (although pipe organs are not at present an ASP item) or at the normal price as defined by Brussels Definition of Value, i.e. the contract price including cost of installation and tonal finishing.

1/ Brief - B; Testimony - T.
2/ See column headed "Other comments".

Note.--Dashes denote no position taken. In some cases, indicated positions on specific issues were derived from general comments or position on related specific issues.

Appendix C, cont.--Positions of Interested Parties as Indicated by Oral Testimonies and Written Briefs Submitted to the Tariff Commission in Connection with the Public Hearings on Customs Valuation

Name of respondent and nature of submission 1/	Competitive transaction price as primary basis for valuation	Nature of statutory guidance	Place	Position on specific features of U.S. present system			Other comments
				Usual wholesale quantity	Final list	A.S.P.	
Bob Wolf Associates, Inc. (shoe importer) - B	-	-	-	-	-	2/	If American Selling Price is retained, administration should be changed to prevent unrealistically high ASP prices being used to value imports. Domestic shoe should be in production 12 months before being used as base for assessing ASP duties.
British-American Chamber of Commerce, The - B	Favor	-	Port of export	Eliminate	Eliminate	Eliminate	Not specific with respect to alternates for non-arm's length transactions.
C. F. Liebert, Inc. (customhouse brokers) - B	Favors 2/	-	Principal market	Retain	Eliminate	Eliminate	Favors f.o.b. transaction price of the freely offered usual wholesale quantity; Bureau of Customs should issue classification and entry rulings within 30 days.
Caterpillar Tractor Co. (manufacturer-importer-exporter) - B	Favors 2/	-	Port of export	-	-	-	Favors actual import transaction price even for related persons provided the price is in accordance with established practices of the company. Adoption of c.i.f. basis of valuation would require compensation.
Donohue & Shaw (attorneys representing importers) - T	Oppose 2/	Positive	Principal market	Retain	Eliminate	Eliminate	Favors present U.S. standard with export value, U.S. value and constructed value (or cost of production).
Electronic Industries Association of Japan - T	Favor	Positive	2/	Eliminate	Eliminate	-	Favors f.o.b. without specifying place within country of export; favors specific standards for adjustment of transactions between related parties.
Fairchild Camera & Instrument Corporation (manufacturer-importer) - B	Favor	Notional	Port of export	Eliminate	Eliminate	Eliminate	Favors cost of production approach for non-arm's length transactions; opposes c.i.f.
Holland Bulb Exporters Association, Inc. - B	Favor 2/	Positive	Port of export	Retain	Eliminate	Eliminate	Acceptance of commercial invoice subject to adjustment for price of usual wholesale quantity as administered under U.S. Sec. 402 standards.
Hunt, Frederick D. (foreign trade consultant) - T	Favor	Notional	Port of entry	Eliminate	Eliminate	Eliminate	Favors c.i.f. Favors adoption of Brussels Convention.
International Sino-American Trade Association - T	Favor	Notional	Port of export	Eliminate	Eliminate	Eliminate	Opposes c.i.f.
Man-Made Fiber Producers Association, Inc. (domestic membership) - B	-	-	Port of entry	-	Retain	-	If Final List were eliminated it would be imperative to convert rates to provide equivalent protection. Opposes U.S. following the Interpretive and Explanatory Notes of Brussels Definition of Value.

1/ Brief - B; Testimony - T.
2/ See column headed "Other comments".

Note.--Dashes denote no position taken. In some cases, indicated positions on specific issues were derived from general comments or position on related specific issues.

Appendix C, cont.--Positions of Interested Parties as Indicated by Oral Testimonies and Written Briefs Submitted to the Tariff Commission in Connection with the Public Hearings on Customs Valuation

Name of respondent and nature of submission 1/	Competitive transaction price as primary basis for valuation	Nature of statutory guidance	Place	Position on specific features of U.S. present system			Other comments
				Usual wholesale quantity	Final list	A.S.P.	
Manufacturing Chemists Association (domestic membership) - B	Favor	Notional	Port of entry	Eliminate	Eliminate	Eliminate	Favors Brussels Definition of Value with rate conversions to avoid disadvantages to affected parties.
Minnesota Mining and Manufacturing Company (manufacturer-importer-exporter) - B	Favor	Notional	2/	Eliminate	Eliminate	Eliminate	Opposes c.i.f. because it results in higher duties and increases non-productive administrative work. Favors f.o.b. without specifying place.
National Assn. of Alcoholic Beverage Importers, Inc. - T	-	-	-	-	-	-	Favors retaining specific rates of duty on alcoholic beverages.
National Association of Photographic Manufacturers, Inc. (producers-importers-exporters) - B	-	-	Port of export	-	-	-	Strongly opposes Brussels Definition of Value (c.i.f. basis); favors world wide adoption of f.o.b.; emphasizes administrative problems in c.i.f. valuation.
National Livestock Feeders Association (domestic membership) - B	-	-	Port of entry	-	-	-	Strongly favors c.i.f. basis; suggests that statistics be gathered on both a c.i.f. and an f.o.b. basis
National Machine Tool Builders Association (domestic membership) - B	-	-	Port of entry	-	-	-	Strongly favors c.i.f. basis; suggests that adopting c.i.f. valuation would not require negotiating compensatory concessions.
Nation-Wide Committee on Import-Export Policy - T	-	-	Port of export	-	-	-	Favors gathering statistics on a c.i.f. basis.
National Retail Merchants Association (importers membership)	-	Positive	Principal market	-	-	-	Opposes any change which might result in increased duties; particularly c.i.f. basis of valuation.
Odian, Bedros (attorney) - B	Favor	Notional	Port of entry	Eliminate	Eliminate	Eliminate	Favors adoption of Brussels Definition of Value (c.i.f. basis) with compensating changes in rates of duty.
O'Malie, H. David (student) - B	Favor	Notional	2/	Eliminate	Eliminate	Eliminate	This submission is an academic thesis. Expresses opinion that United States will eventually accept Brussels Definitions of Value. Tends to oppose c.i.f.
Pollaci, Edward H. (attorney) - B	-	-	-	-	-	-	Is concerned about valuation of lost or damaged goods in related party transactions; wants more protection for U.S. industry and labor.

1/ Brief - B; Testimony - T.
2/ See column headed "Other comments".

Note.--Dashes denote no position taken. In some cases, indicated positions on specific issues were derived from general comments or position on related specific issues.

Appendix C, cont.--Positions of Interested Parties as Indicated by Oral Testimonies and Written Briefs Submitted to the Tariff Commission in Connection with the Public Hearings on Customs Valuation

Name of respondent and nature of submission 1/	Competitve transaction price as primary basis for valuation	Nature of statutory guidance	Place	Position on specific features of U.S. present system			Other comments
				Usual wholesale quantity	Final list	A.S.P.	
Rubber Manufacturers Assn. (domestic membership) - B	-	-	-	-	Retain	Retain	Opposed to any change which would reduce protection against imports of rubber footwear.
Schieffelin & Co. (importer) - B	-	-	-	-	-	-	Suggests that U.S. duties on wines and spirits unfairly discriminate against such products bottled outside U.S. and against French cognac.
Schmidt Manufacturing Company - T	-	-	Ex-factory	-	-	-	Opposes c.i.f.; favors f.o.b. standard.
Seaboard World Airlines - B	Favor	Notional	Port of export	Eliminate	Eliminate	Eliminate	Opposes c.i.f. valuation on grounds that it would be detrimental to air transportation and to world trade in general.
Synthetic Organic Chemicals Manufacturers Association and The Dry Color Manufacturers Association - B	-	-	-	-	-	-	Suggests that the impact of any new standard be minimized (1) by adopting the new standard in stages, and (2) by establishing converted rate of duty to avoid any substantive change in duty or protection; also suggests that rates of duty of countries having c.i.f. valuation or a Value Added Tax must be adjusted upward before they can fairly be compared with U.S. rates of duty.
Ted L. Rausch Co. (customs brokers & freight forwarders) - B	Oppose	Positive	Principal market	Retain	Retain	Retain	Opposes any change in present U.S. system, specifically opposes c.i.f. valuation and Brussels Definition of Value.
Trade Relations Council of the United States, Inc. - BT	Oppose 2/	Notional	Port of export	Retain	Retain	-	Proposes a notional f.o.b. standard which would, in effect, apply the final list standards of foreign value or export value whichever is higher, to all imports but would permit acceptance of an arm's-length transaction price provided the price is not less than the cost of production; the intent of this proposal as to the elements of place, quantity, and transaction level is not clear.
United States-Japan Trade Council - T	Favor	Notional	Port of export	Eliminate	Eliminate	Eliminate	Strongly supports f.o.b. standard.
VDO Instruments (importer) - B	Favor 2/	-	-	Eliminate	Eliminate	-	Discusses problems encountered in importing instruments, some of which are on the final list; favors use of transaction price in some cases. Suggests clarification in the administration of the final list.

1/ Brief - B; Testimony - T.
2/ See column headed "Other comments".

Note.--Dashes denote no position taken. In some cases, indicated positions on specific issues were derived from general comments or position on related specific issues.

Appendix D. Excerpts from Texts Setting Forth Standards of Valuation

1. General Agreement on Tariffs and Trade

a. Pertinent Articles

Article II

Schedules of Concessions

* * * * * * *

3. No contracting party shall alter its method of determining dutiable value or of converting currencies so as to impair the value of any of the concessions provided for in the appropriate Schedule annexed to this Agreement.

* * * * * * *

Article VII

Valuation for Customs Purposes

1. The contracting parties recognize the validity of the general principles of valuation set forth in the following paragraphs of this Article, and they undertake to give effect to such principles, in respect of all products subject to duties or other charges or restrictions on importation and exportation based upon or regulated in any manner by value. Moreover, they shall, upon a request by another contracting party review the operation of any of their laws or regulations relating to value for customs purposes in the light of these principles. The CONTRACTING PARTIES may request from contracting parties reports on steps taken by them in pursuance of the provisions of this Article.

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

(b) "Actual value" should be the price at which, at a time and place determined by the legislation of the country of importation, such or like merchandise is sold or offered for sale in the ordinary course of trade 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 (i) comparable quantities, or (ii) 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.

(c) When the actual value is not ascertainable in accordance with sub-paragraph (b) of this paragraph, the value for customs purposes should be based on the nearest ascertainable equivalent of such value.

3. The value for customs purposes of any imported product should not include the amount of any internal tax, applicable within the country of origin or export, from which the imported product has been exempted or has been or will be relieved by means of refund.

4. (a) Except as otherwise provided for in this paragraph, where it is necessary for the purposes of paragraph 2 of this Article for a contracting party to convert into its own currency a price expressed in the currency of another country, the conversion rate of exchange to be used shall be based, for each currency involved, on the par value as established pursuant to the Articles of Agreement of the International Monetary Fund or on the rate of exchange recognized by the Fund, or on the par value established in accordance with a special exchange agreement entered into pursuant to Article XV of this Agreement.

(b) Where no such established par value and no such recognized rate of exchange exist, the conversion rate shall reflect effectively the current value of such currency in commercial transactions.

(c) The CONTRACTING PARTIES, in agreement with the International Monetary Fund, shall formulate rules governing the conversion by contracting parties of any foreign currency in respect of which multiple rates of exchange are maintained consistently with the Articles of Agreement of the International Monetary Fund. Any contracting party may apply such rules in respect of such foreign currencies for the purposes of paragraph 2 of this Article as an alternative to the use of par values. Until such rules are adopted by the CONTRACTING PARTIES, any contracting party may employ, in respect of any such foreign currency, rules of conversion for the purposes of paragraph 2 of this Article which are designed to reflect effectively the value of such foreign currency in commercial transactions.

(d) Nothing in this paragraph shall be construed to require any contracting party to alter the method of converting currencies for customs purposes which is applicable in its territory on the date of this Agreement, if such alteration would have the effect of increasing generally the amounts of duty payable.

5. The bases and methods for determining the value of products subject to duties or other charges or restrictions based upon or regulated in any manner by value should be stable and should be given sufficient publicity to enable traders to estimate, with a reasonable degree of certainty, the value for customs purposes.

* * * * * * *

Article X

Publication and Administration of Trade Regulations

1. Laws, regulations, judicial decisions and administrative rulings of general application, made effective by any contracting party, pertaining to the classification or the valuation of products for customs purposes, or to rates of duty, taxes or other charges, or to requirements, restrictions or prohibitions on imports or exports or on the transfer of payments therefor, or affecting their sale, distribution, transportation, insurance, warehousing, inspection, exhibition, processing, mixing or other use, shall be published promptly in such a manner as to enable governments and traders to become acquainted with them. Agreements affecting international trade policy which are in force between the government or a governmental agency of any contracting party and the government or governmental agency of any other contracting party shall also be published. The provisions of this paragraph shall not require any contracting party to disclose confidential information which would impede law enforcement or otherwise be contrary to the public interest or would prejudice the legitimate commercial interests of particular enterprises, public or private.

2. No measure of general application taken by any contracting party effecting an advance in a rate of duty or other charge on imports under an established and uniform practice, or imposing a new or more burdensome requirement, restriction or prohibition on imports, or on the transfer of payments therefor, shall be enforced before such measure has been officially published.

3. (a) Each contracting party shall administer in a uniform, impartial and reasonable manner all its laws, regulations, decisions and rulings of the kind described in paragraph 1 of this Article.

(b) Each contracting party shall maintain, or institute as soon as practicable, judicial, arbitral or administrative tribunals or procedures for the purpose, inter alia, of the prompt review and correction of administrative action relating to customs matters. Such tribunals or procedures shall be independent of the agencies entrusted with administrative enforcement and their decisions shall be implemented by, and shall govern the practice of, such agencies unless an appeal is lodged with a court or tribunal of superior jurisdiction within the time prescribed for appeals to be lodged by importers; Provided that the central administration of such agency may take steps to obtain a review of the matter in another proceeding if there is good cause to believe that the decision is inconsistent with established principles of law or the actual facts.

(c) The provisions of sub-paragraph (b) of this paragraph shall not require the elimination or substitution of procedures in force in the territory of a contracting party on the date of this Agreement which in fact provide for an objective and impartial review of administrative action even though such procedures are not fully or formally

independent of the agencies entrusted with administrative enforcement. Any contracting party employing such procedures shall, upon request, furnish the CONTRACTING PARTIES with full information thereon in order that they may determine whether such procedures conform to the requirements of this sub-paragraph.

b. Protocol of Provisional Application

1. The Governments of the Commonwealth of Australia, the Kingdom of Belgium (in respect of its metropolitan territory), Canada, the French Republic (in respect of its metropolitan territory), the Grand-Duchy of Luxemburg, the Kingdom of The Netherlands (in respect of its metropolitan territory), the United Kingdom of Great Britain and Northern Ireland (in respect of its metropolitan territory), the United Kingdom of Great Britain and Northern Ireland (in respect of its metropolitan territory), and the United States of America, undertake, provided that this Protocol shall have been signed on behalf of all the foregoing Governments not later than November 15, 1947, to apply provisionally on and after January 1, 1948:

(a) Parts I and III of the General Agreement on Tariffs and Trade, and
(b) Part II of that Agreement to the fullest extent not inconsistent with existing legislation.

2. The foregoing Governments shall make effective such provisional application of the General Agreement, in respect of any of their territories other than their metropolitan territories, on or after January 1, 1948, upon the expiration of thirty days from the day on which notice of such application is received by the Secretary-General of the United Nations.

3. Any other Government signatory to this Protocol shall make effective such provisional application of the General Agreement, on or after January 1, 1948, upon the expiration of thirty days from the day of signature of this Protocol on behalf of such Government.

4. This Protocol shall remain open for signature at the Headquarters of the United Nations, (a) until November 15, 1947, on behalf of any Government named in paragraph 1 of this Protocol which has not signed it on this day, and (b) until June 30, 1948, on behalf of any other Government signatory to the Final Act adopted at the conclusion of the Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment which has not signed it on this day.

5. Any Government applying this Protocol shall be free to withdraw such application, and such withdrawal shall take effect upon the expiration of sixty days from the day on which written notice of such withdrawal is received by the Secretary-General of the United Nations.

6. The original of this Protocol shall be deposited with the Secretary-General of the United Nations, who will furnish certified copies thereof to all interested Governments.

IN WITNESS WHEREOF the respective Representatives, after having communicated their full powers, found to be in good and due form, have signed this Protocol.

DONE at Geneva, in a single copy, in the English and French languages, both texts authentic, this thirtieth day of October, one thousand nine hundred and forty-seven.

c. Explanation of the Provisional Application

Article XXVI of the General Agreement on Tariffs and Trade provides that the agreement shall enter into force when it has been accepted by contracting parties that account for 85 percent of the total foreign trade of all contracting parties. The General Agreement, however, has never definitively entered into force under the provisions of article XXVI. It has been accepted pursuant to a protocol of provisional application, which requires that the signatories apply Parts I and III of the agreement fully, and Part II (which contains most of the trade rules) to the fullest extent not inconsistent with their domestic legislation existing at the time of their accession.

Originally, if contracting parties desired to accept the agreement definitively pursuant to article XXVI, they were required to modify immediately any domestic legislation that was inconsistent with the provisions of the agreement. Although the Contracting Parties have desired definitive acceptance of the General Agreement as soon as possible, they have recognized that it would not be practicable for certain contracting parties to bring their domestic legislation into conformity with Part II of the agreement immediately after such acceptance. To surmount this obstacle, the Contracting Parties, at their Ninth Session in 1954-55, prepared a resolution which provided that an acceptance of the agreement pursuant to article XXVI would be valid even if accompanied by a reservation that legislation acceptable under the provisional application of the agreement would be excepted from the effect of the definitive application of the agreement. 1/ The resolution provided, however, that the Contracting Parties would periodically review the progress that contracting parties had made in bringing such "excepted" legislation into conformity with the General Agreement.

During the 11th Session of the Contracting Parties (1956), the resolution was agreed to by all the contracting parties. Earlier Haiti had notified the Secretary General of the United Nations of its acceptance of the General Agreement under article XXVI, but no other country has done so either with or without reservations.

1/ Contracting Parties to the General Agreement on Tariffs and Trade, Basic Instruments and Selected Documents, 3rd supp., 1955, pp. 48-49.

2. Customs Cooperation Council: Amendment of the Convention on the Valuation of Goods for Customs Purposes (i.e., Brussels Definition of Value), June 7, 1967

a. Annex I. The Definition of Value

ARTICLE I

(1) For the purposes of levying ad valorem duties of customs, the value of any goods imported for home use shall be taken to be the normal price, that is to say, the price which they would fetch at the time when the duty becomes payable on a sale in the open market between a buyer and a seller independent of each other.

(2) The normal price of any imported goods shall be determined on the following assumptions:

(a) that the goods are delivered to the buyer at the port or place of introduction into the country of importation;

(b) that the seller bears all costs, charges and expenses incidental to the sale and to the delivery of the goods at the port or place of introduction, which are hence included in the normal price;

(c) that the buyer bears any duties or taxes applicable in the country of importation, which are hence not included in the normal price.

ARTICLE II

(1) A sale in the open market between a buyer and a seller independent of each other pre-supposes:

(a) that the price is the sole consideration;

(b) that the price is not influenced by any commercial, financial or other relationship, whether by contract or otherwise, between the seller or any person associated in business with him and the buyer or any person associated in business with him, other than the relationship created by the sale itself;

(c) that no part of the proceeds of any subsequent resale, other disposal or use of the goods will accrue, either directly or indirectly, to the seller or any person associated in business with him.

(2) Two persons shall be deemed to be associated in business with one another if, whether directly or indirectly, either of them has any interest in the business or property of the other or both have a common interest in any business or property or some third person has an interest in the business or property of both of them.

ARTICLE III

When the goods to be valued

(a) are manufactured in accordance with any patented invention or are goods to which any protected design has been applied; or

(b) are imported under a foreign trade mark; or

(c) are imported for sale, other disposal or use under a foreign trade mark,

the normal price shall be determined on the assumption that it includes the value of the right to use the patent, design or trade mark in respect of the goods.

b. Annex II. Interpretative Notes to the Definition of Value

Addendum to Article I

Note 1.

The time when the duty becomes payable, referred to in paragraph (1) of Article I shall be determined in accordance with the legislation of each country and may be, for example, the time at which the goods declaration for home use is duly lodged or registered, the time of payment of customs duty or the time of release of the goods.

Note 2.

The "costs, charges and expenses" mentioned in Article I, paragraph (2)(b) include, inter alia, any of the following:

- carriage and freight;
- insurance;
- commission;
- brokerage;
- costs, charges and expenses of drawing up outside the country of importation documents incidental to the introduction of the goods into the country of importation, including consular fees;
- duties and taxes applicable outside the country of importation except those from which the goods have been exempted or have been or will be relieved by means of refund;
- cost of containers excluding those which are treated as separate articles for the purpose of levying duties of customs, cost of packing (whether for labour, materials or otherwise);
- loading charges.

Note 3.

The normal price shall be determined on the assumption that the sale is a sale of the quantity to be valued.

Note 4.

Where the determination of the value or of the price paid or payable depends upon factors which are expressed in a currency other than that of the country of importation, the foreign currency shall be converted into the currency of the importing country at the official rate of exchange of that country.

Note 5.

The object of the Definition of Value is to make it possible in all cases to calculate the duties payable on the basis of the price at which imported goods are freely available to any buyer on a sale in the open market at the port or place of introduction into the country of importation. It is a concept for general use and is applicable whether or not the goods are in fact imported under a contract of sale, and whatever the terms of that contract.

But the application of the Definition implies an enquiry into current prices at the time of valuation. In practice, when imported goods are the subject of a bona fide sale, the price paid or payable on that sale can generally be considered as a valid indication of the normal price mentioned in the Definition. This being so, the price paid or payable can reasonably be used as a basis for valuation, and Customs Administrations are recommended to accept it as the value of the goods in question, subject:

(a) to proper safeguards aimed at preventing evasion of duty by means of fictitious or colourable contracts or prices; and

(b) to such adjustments of that price as may be considered necessary on account of circumstances of the sale which differ from those envisaged in the Definition of Value.

Adjustment under paragraph (b) above may in particular be required with reference to freight and other expenses dealt with in paragraph (2) of Article I and Note 2 of the Addendum to Article I, or with reference to discounts or other reductions in price granted in favour of sole agents or sole concessionaires, or to any abnormal discount or any other reduction from the ordinary competitive price.

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Addendum to Article III

Note 1.

The provisions of Article III do not restrict the provisions of Articles I and II.

Note 2.

The provisions of Article III may also be applied to goods imported for sale, other disposal or use, after further manufacture, under a foreign trade mark.

Note 3.

A trade mark shall be treated as a foreign trade mark if it is the mark of:

(a) any person by whom the goods to be valued have been grown, produced, manufactured, offered for sale or otherwise dealt with outside the country of importation; or

(b) any person associated in business with any person referred to in (a) above; or

(c) any person whose rights in the mark are restricted by an agreement with any person referred to in (a) or (b) above.

General Addendum

It is recommended that the concept of value expressed by the Definition and these Interpretative Notes be employed for the valuing of all goods subject to customs declaration, including duty-free goods and goods liable to specific customs duties.

3. The European Economic Communities: Regulation No. 803/68 of June 27, 1968 1/

THE COUNCIL OF THE EUROPEAN COMMUNITIES,
HAVING REGARD to the Treaty establishing the European Economic Community, and in particular Article 235 thereof;

* * * * * * *

WHEREAS the value for customs purposes must be determined in a uniform manner in Member States, so that the level of the protection given by the Common Customs Tariff is the same throughout the Community and any deflection of trade and activities and any distortion of competition which might arise from differences between national provisions is thereby prevented;

WHEREAS any deflection of customs receipts should be avoided and where appropriate eliminated;

WHEREAS it is necessary to ensure equal treatment of importers as regards the collection of Common Customs Tariff duties;

WHEREAS the Member States are Contracting Parties to the Convention on the Valuation of Goods for Customs Purposes, which was signed at Brussels on 15 December 1950 and entered into force on 28 July 1953: whereas this Convention takes into account the principles of valuation set out in the General Agreement on Tariffs and Trade (GATT); whereas a Definition of Value and Interpretative Notes are annexed to the Convention and whereas those annexes form an integral part of the Convention;

WHEREAS under Article II of the Convention on the Valuation of Goods for Customs Purposes it is obligatory for each Contracting Party to

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1/ This basic regulation has been supplemented as follows:

Reg. 1769/68 concerns the prorating of air freight for duty purposes on the basis of distance to the port or place of introduction in the country of importation.

Reg. 1788/69 concerns cases where the right to use a trademark should not be included in dutiable value, namely (1) where the trademark belongs to a person in the country of importation and (2) where the goods are imported to be sold after further manufacture.

Reg. 2198/69 concerns a list of goods under BTN headings for which a time tolerance of 1 to 2 years is specified for the time between the date of contract of sale and the time the duty becomes payable.

Reg. 1150/70 concerns goods passing through Member countries and Austria or Switzerland to reach a destination in a Member country; entry into the Community for duty purposes may be made in any Member country through which goods pass or in the Member country of destination.

Regs. 1570/70, 2465/70 and 1659/71 concern the valuation of citrus fruit on the basis of average prices.

introduce that Definition into its domestic law; whereas, however, under Article IV, each Contracting Party may adapt the text of the Definition by inserting therein such provisions of the Interpretative Notes as it may consider necessary and by giving the text such legal form as may be essential to render it operative in its domestic law, if necessary by adding complementary provisions clarifying the purport of the Definition;

WHEREAS the possibilities of adaptation offered by that Article have led the Member States to embody the Definition and the Interpretative Notes thereto in their legislation in varying ways; whereas, moreover, the Interpretative Notes contain optional provisions which have not been adopted by all Member States or are being applied differently;

WHEREAS, because of the differences in the provisions which Member States have laid down by law, regulation and administrative action on the basis of the Definition and the Interpretative Notes, the required uniform application of the Common Customs Tariff cannot be ensured;

WHEREAS, moreover, the establishment of a customs union between Member States requires the adaptation of certain provisions of the Definition and of the Interpretative Notes thereto to the needs of that customs union;

WHEREAS the adoption of a Community Regulation is the only means of attaining these ends;

WHEREAS the uniform application of the provisions of this Regulation to imports of all goods must be ensured, and to this end a Community procedure must be introduced which will permit the adoption of implementing provisions within appropriate time limits; whereas it is necessary to set up a Committee to organise close and effective cooperation between the Member States and the Commission in this field;

WHEREAS the Treaty does not make provision for the requisite powers in this respect;

HAS ADOPTED THIS REGULATION:

TITLE I

Article 1

1. For the purpose of applying the Common Customs Tariff, the value for customs purposes of the goods imported shall be taken to be the normal price, that is to say, the price which they would fetch, at the time referred to in Article 5, in a sale in the open market between buyer and seller independent of each other.

2. The normal price of any imported goods shall be determined on the following assumptions:

(a) that the goods are delivered to the buyer at the place of introduction into the customs territory of the Community;

(b) that the seller bears all costs, charges and expenses incidental to the sale and to the delivery of the goods at the place of introduction, which are hence included in the normal price;

(c) that the buyer bears any duties or taxes applicable in the customs territory of the Community, which are hence not included in the normal price.

Article 2

1. A sale in the open market between a buyer and seller independent of each other pre-supposes:

(a) that the price is the sole consideration; by consideration is meant not only the fulfillment of a legal or contractual obligation, but also any other form of consideration;

(b) that the price is not influenced by any commercial, financial or other relationship, whether by contract or otherwise, between the seller or any natural or legal person associated in business with him and the buyer or any natural or legal person associated in business with him (other than the relationship created by the sale itself);

(c) that no part of the proceeds arising from any subsequent resale, other disposal or use of the goods, will accrue either directly or indirectly to the seller or any natural or legal person associated in business with him.

2. Two persons shall be deemed to be associated in business with one another if, whether directly or indirectly, either of them has any interest in the business or property of the other or both have a common interest in any business or property or some third person has an interest in the business or property of both of them.

Article 3

1. When the goods to be valued

(a) are manufactured in accordance with any patented invention or are goods to which any protected design has been applied; or

(b) are imported under a trade mark; or

(c) are imported for sale, other disposal or use under a foreign trade mark,

the normal price shall be determined on the assumption that it includes the value of the right to use the patent, design or trade mark in respect of the goods. This provision shall also apply in the case of copyright of any other intellectual or industrial property right.

2. Exceptions to the provisions of paragraph 1 may be determined in accordance with the procedure laid down in Article 17, where the rights referred to in that paragraph are held by a person established in a Member State.

3. Where goods are imported for sale, other disposal or use, after further manufacture, under a foreign trade mark, the provisions of paragraph 4 to 6 shall apply.

4. The value of the right to use a foreign trade mark shall be wholly included in the normal price of the goods to be valued when they are to undergo after their importation one or more of the following operations:

(a) simple operations, such as application of the mark, breaking bulk, sorting or packing;

(b) operations which do not contribute in any way or contribute only slightly to the essential characteristics or properties of the goods to which the trade mark is to be applied.

5. The value of the right to use a foreign trade mark shall be wholly excluded from the normal price of the goods to be valued, if the provisions of paragraph 4(a) do not apply, and

(a) the goods are of a kind in general supply and are freely available in the open market; or

(b) the right to apply the trade mark to the finished product depends on operations carried out after importation, and not on the use of the goods to be valued; or

(c) in accordance with the procedure laid down in Article 17, criteria are established in respect of goods the value of which is relatively low as compared with that of the finished product.

6. Where the provisions of paragraphs 4 and 5 do not apply, part of the value of the right to use the foreign trade mark shall be included in the normal price of the goods to be valued, the part of such value attributable to further manufacture after importation being excluded from the normal price of the goods to be valued.

7. A trade mark shall be treated as a foreign trade mark for the purposes of this Article if it is the mark of:

(a) any person by whom the goods to be valued have been grown, produced, manufactured, offered for sale or otherwise dealt with, outside the customs territory of the Community; or

(b) any person associated in business with any person referred to in subparagraph (a); or

(c) any person whose rights in the trade mark are restricted by an agreement with any person referred to in subparagraph (a) or (b).

Article 4

1. The normal price shall be determined on the assumption that the sale is a sale of the quantity to be valued.

2. Exceptions to the provisions of paragraph 1 may be determined in accordance with the procedure laid down in Article 17 in respect of goods imported in split consignments.

Article 5

The material time for valuation for customs purposes shall be:

(a) for goods declared for direct home use, the date of acceptance by the customs authorities of the declarant's statement of his intention that the goods should enter into home use:

(b) for goods which, after another Customs procedure has been applied, enter into home use, the time fixed by acts of the Council or the Commission pertaining to that customs procedure or by Member States in accordance with such acts.

Article 6

1. For the purposes of Article 1(2)(b), the place of introduction into the customs territory of the Community shall be:

(a) for goods carried by sea, the port of unloading, or the port of transhipment, subject to transhipment being certified by the customs authorities of that port;

(b) for goods carried by sea and then, without transhipment, by inland waterway, the first port where unloading can take place either at the mouth of the river or canal or further inland, subject to proof being furnished to the customs

authorities that the freight to the port of unloading is higher than that to the first port;

(c) for goods carried by rail, inland waterway, or road, the place where the first customs office is situated;

(d) for goods carried by other means, the place where the frontier of the customs territory of the Community is crossed.

2. For goods introduced into the territory of a Member State and then carried to a destination in another Member State, through the territory of a third country*, the place of introduction into the Community to be taken into consideration shall be determined in accordance with the procedure laid down in Article 17.

3. For goods introduced into the customs territory of the Community and carried directly from one of the French overseas departments to another part of the customs territory of the Community or vice versa, the place of introduction to be taken into consideration shall be the place referred to in paragraphs 1 and 2 situated in that part of the customs territory of the Community from which the goods came, if they were unloaded or transhipped there and this was certified by the customs authorities.

When those conditions are not fulfilled, the place of introduction to be taken into consideration shall be the place specified in paragraphs 1 and 2 situated in that part of the customs territory of the Community to which the goods are consigned.

Article 7

The "costs, charges and expenses" mentioned in Article 1(2)(b) include, inter alia, any of the following:

- carriage and freight;
- insurance;
- loading charges;
- unloading charges, in so far as these are included in the freight for goods delivered to the place of introduction;
- commission;
- brokerage;
- costs, charges and expenses outside the customs territory of the Community of drawing up documents incidental to the introduction of the goods into that territory, including consular fees;

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* With a view to the enlargement of the Community the following technical adaptation has been agreed in respect of Article 6(2):-
"add: 'or by sea after passing through the territory of a Member State'".

- duties and taxes applicable outside the customs territory of the Community except those from which the goods have been exempted or have been or will be relieved by means of refund;
- cost of containers, excluding those which are treated as separate articles for the purpose of levying customs duties;
- cost of packing (whether for labour, materials or otherwise).

Article 8

1. Where goods are carried by the same means of transport to a point beyond the place of introduction into the customs territory of the Community, transport costs shall be assessed in proportion to the distance covered outside and inside the customs territory of the Community, unless evidence is produced to the customs authorities to show the costs that would have been incurred under a general compulsory schedule of freight rates for the carriage of the goods to the place of introduction into the customs territory of the Community.

The provisions of the preceding paragraph shall not apply to goods sent by post. Special provisions may be adopted for such goods in accordance with the procedure laid down in Article 17, in view of the special nature of charges in international postal services.

2. Where goods are invoiced at a uniform free domicile price which corresponds to the price at the place of introduction, transport costs within the Community shall not be deducted from that price. However, such deduction shall be allowed if evidence is produced to the customs authorities that the free-frontier price would be lower than the uniform free domicile price.

3. Where transport is free or provided by the buyer, transport costs to the place of introduction, calculated in accordance with the schedule of freight rates normally applied for the same modes of transport, shall be included in the value for customs purposes.

4. Where goods from third countries are introduced into the customs territory of the Community through German territories where the Basic Law for the Federal Republic of Germany does not apply but which come under German internal trade regulations, delivery costs for such transit shall not be included in the value for customs purposes of the goods.

Article 9

1. The prices paid or payable may be accepted as the value for customs purposes if:

(a) the contract sale is executed within the period specified in Article 10,

2. As regards the currency of countries which have not declared a parity to the International Monetary Fund, or where such declared parity is not recognised by the Fund, but the currency is quoted on the official exchange markets of the Member State where valuation is made, the rate of exchange to be used shall be the latest selling rate recorded on the most representative exchange market or markets of the Member State.

3. For currencies not covered by the provisions of paragraphs 1 and 2, and for the currency of a country which uses abnormal exchange techniques, such as fluctuating rates or multiple rates of exchange, the rate of exchange to be used shall be ascertained in accordance with the procedure laid down in Article 17.

Article 13

1. Standard average values may be established for the determination of the value for customs purposes of certain goods.

2. Such goods shall be specified, and the rules and criteria for the establishment of standard average values and their application shall be determined in accordance with the procedure laid down in Article 17.

Article 14

The particulars and documents to be furnished to the customs authorities for purposes of application of this Regulation shall where necessary be determined in accordance with the procedure laid down in Article 17.

TITLE II

Article 15

1. A Customs Valuation Committee (hereinafter called the "Committee") shall be set up and shall consist of representatives of the Member States with a representative of the Commission as Chairman.

2. The Committee shall draw up its own rules of procedure.

Article 16

The Committee may examine all questions relating to the application of this Regulation referred to it by its Chairman, either on his own initiative or at the request of a representative of a Member State.

Article 17

1. The provisions required for applying Articles 1 to 3 and 6 to 11 shall be adopted in accordance with the procedure laid down in paragraphs 2 and 3 of this Article.

2. The representative of the Commission shall submit to the Committee a draft of the provisions to be adopted. The Committee shall deliver an Opinion on the draft within a time-limit set by the Chairman having regard to the urgency of the matter. Decisions shall be taken by a majority of twelve votes, the votes of Member States being weighted as provided in Article 148(2) of the Treaty. The Chairman shall not vote.

3. (a) The Commission shall adopt the envisaged provisions if they are in accordance with the Opinion of the Committee.

(b) If the envisaged provisions are not in accordance with the Opinion of the Committee, or if no Opinion is delivered, the Commission shall without delay submit to the Council a proposal with regard to the provisions to be adopted. The Council shall act by a qualified majority.

(c) If, within three months of the proposal being submitted to it, the Council has not acted, the proposed provisions shall be adopted by the Commission.

TITLE III

Article 18

Member States shall consult one another within the Committee with a view to coordinate their attitude as regards the work of the Customs Cooperation Council, and its Valuation Committee, in connection with the Convention on the Valuation of Goods for Customs Purposes.

Article 19

The provisions of this Regulation shall not affect the provisions contained in acts of the Council or of the Commission, or laid down by Member States in accordance with such instruments, regarding the determination of the value for customs purposes of goods which enter into home use after a customs procedure other than that relating to direct home use has been applied.

Article 20

Insofar as the provisions to be adopted pursuant to Articles 3(2) and (5)(c), 4(2), 6(2), 8(1), 10(4), 11(6), 12(3), 13(2) and 14 have not yet entered into force, the relevant provisions laid down by law, regulation or administrative action of Member States shall remain applicable, unless repealed by them.

Article 21

Each Member State shall inform the Commission of the provisions it adopts for the application of this Regulation. The Commission shall communicate this information to the other Member States.

Article 22

This Regulation shall enter into force on 1 July 1968.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Luxembourg, 27 June 1968.

4. The United States: Tariff Act of 1930, as amended

a. Title IV, sections 402 and 402a

SEC. 402. VALUE.

(a) Basis.--Except as otherwise specifically provided for in this Act, the value of imported merchandise for the purposes of this Act shall be --

(1) the export value, or

(2) if the export value cannot be determined satisfactorily, then the United States value, or

(3) if neither the export value nor the United States value can be determined satisfactorily, then the constructed value;

except that, in the case of an imported article subject to a rate of duty based on the American selling price of a domestic article, such value shall be --

(4) the American selling price of such domestic article.

(b) Export value.--For the purposes of this section, the export value of imported merchandise shall be the price, at the time of exportation to the United States of the merchandise undergoing appraisement, at which such or similar merchandise is freely sold or, in the absence of sales, offered for sale in the principal markets of the country of exportation, in the usual wholesale quantities and in the ordinary course of trade, for exportation to the United States, plus, when not included in such price, the cost of all containers and coverings of whatever nature and all other expenses incidental to placing the merchandise in condition, packed ready for shipment to the United States.

(c) United States Value.--For the purposes of this section, the United States value of imported merchandise shall be the price, at the time of exportation to the United States of the merchandise undergoing appraisement, at which such or similar merchandise is freely sold or, in the absence of sales, offered for sale in the principal market of the United States for domestic consumption, packed ready for delivery, in the usual wholesale quantities and in the ordinary course of trade, with allowances made for --

(1) any commission usually paid or agreed to be paid, or the addition for profit and general expenses usually made, in connection with sales in such market of imported merchandise of the same class or kind as the merchandise undergoing appraisement;

(2) the usual costs of transportation and insurance and other usual expenses incurred with respect to such or similar merchandise from the place of shipment to the place of delivery, not including any expense provided for in subdivision (1); and

(3) the ordinary customs duties and other Federal taxes currently payable on such or similar merchandise by reason of its importation, and any Federal excise taxes on, or measured by the value of, such or similar merchandise, for which vendors at wholesale in the United States are ordinarily liable.

If such or similar merchandise was not so sold or offered at the time of exportation of the merchandise undergoing appraisement, the United States value shall be determined, subject to the foregoing specifications of this subsection, from the price at which such or similar merchandise is so sold or offered at the earliest date after such time of exportation but before the expiration of ninety days after the importation of the merchandise undergoing appraisement.

(d) Constructed Value.--For the purposes of this section, the constructed value of imported merchandise shall be the sum of --

(1) the cost of materials (exclusive of any internal tax applicable in the country of exportation directly to such materials of their disposition, but remitted or refunded upon the exportation of the article in the production of which such materials are used) and of fabrication or other processing of any kind employed in producing such or similar merchandise, at a time preceding the date of exportation of the merchandise undergoing appraisement which would ordinarily permit the production of that particular merchandise in the ordinary course of business;

(2) an amount for general expenses and profit equal to that usually reflected in sales of merchandise of the same general class or kind as the merchandise undergoing appraisement which are made by producers in the country of exportation, in the usual wholesale quantities and in the ordinary course of trade, for shipment to the United States; and

(3) the cost of all containers and coverings of whatever nature, and all other expenses incidental to placing the merchandise undergoing appraisement in condition, packed ready for shipment to the United States.

(e) American Selling Price.--For the purpose of this section, the American selling price of any article produced in the United States shall be the price, including the cost of all containers and coverings of whatever nature and all other expenses incidental to placing the article in condition packed ready for delivery, at which such article is freely sold or, in the absence of sales, offered for sale for domestic consumption in the principal market of the United States, in the ordinary course of trade and in the usual wholesale quantities, or the price that the manufacturer, producer, or owner would have received or was willing to receive for such article when sold for domestic consumption in the ordinary course of trade and in the usual wholesale quantities, at the time of exportation of the imported article.

(f) Definitions.--For the purposes of this section--

(1) The term "freely sold or, in the absence of sales, offered for sale" means sold or, in the absence of sales, offered--

(A) to all purchasers at wholesale, or

(B) in the ordinary course of trade to one or more selected purchasers at wholesale at a price which fairly reflects the market value of the merchandise,

without restrictions as to the disposition or use of the merchandise by the purchaser, except restrictions as to such disposition or use which (i) are imposed or required by law, (ii) limit the price at which or the territory in which the merchandise may be resold, or (iii) do not substantially affect the value of the merchandise to usual purchasers at wholesale.

(2) The term "ordinary course of trade" means the conditions and practices which, for a reasonable time prior to the exportation of the merchandise undergoing appraisement, have been normal in the trade under consideration with respect to merchandise of the same class or kind as the merchandise undergoing appraisement.

(3) The term "purchasers at wholesale" means purchasers who buy in the usual wholesale quantities for industrial use or for resale otherwise than at retail; or, if there are no such purchasers, then all other purchasers for resale who buy in the usual wholesale quantities; or, if there are no purchasers in either of the foregoing categories, then all other purchasers who buy in the usual wholesale quantities.

(4) The term "such or similar merchandise" means merchandise in the first of the following categories in respect of which export value, United States value, or constructed value, as the case may be, can be satisfactorily determined:

(A) The merchandise undergoing appraisement and other merchandise which is identical in physical characteristics with, and was produced in the same country by the same person as, the merchandise undergoing appraisement.

(B) Merchandise which is identical in physical characteristics with, and was produced by another person in the same country as, the merchandise undergoing appraisement.

(C) Merchandise (i) produced in the same country and by the same person as the merchandise undergoing appraisement, (ii) like the merchandise undergoing appraisement in component material or materials and in the purposes for which used, and (iii) approximately equal in commercial value to the merchandise undergoing appraisement.

(D) Merchandise which satisfies all the requirements of subdivision (C) except that it was produced by another person.

(5) The term "usual wholesale quantities", in any case in which the merchandise in respect of which value is being determined is sold in the market under consideration at different prices for different quantities, means the quantities in which such merchandise is there sold at the price or prices for one quantity in an aggregate volume which is greater than the aggregate volume sold at the price or prices for any other quantity.

(g) Transactions Between Related Persons.--

(1) For the purposes of subsection (c)(1) or (d), as the case may be, a transaction directly or indirectly between persons

specified in any one of the subdivisions in paragraph (2) of this subsection may be disregarded if, in the case of any element of value required to be considered, the amount representing that element does not fairly reflect the amount usually reflected in sales in the market under consideration of merchandise of the same general class or kind as the merchandise undergoing appraisement. If a transaction is disregarded under the preceding sentence and there are no other transactions available for consideration, then, for the purposes of subsection (d), the determination of the amount required to be considered shall be based on the best evidence available as to what the amount would have been if the transaction had occurred between persons not specified in any one of the subdivisions in paragraph (2).

(2) The persons referred to in paragraph (1) are:

(A) Members of a family, including brothers and sisters (whether by whole or half blood), spouse, ancestors, and lineal descendants;

(B) Any officer or director of an organization and such organization;

(C) Partners;

(D) Employer and employee;

(E) Any person directly or indirectly owning, controlling, or holding with power to vote, 5 per centum or more of the outstanding voting stock or shares of any organization and such organization; and

(F) Two or more persons directly or indirectly controlling, controlled by, or under common control with, any person.

SEC. 402a. VALUE (ALTERNATIVE).

(a) Basis.--For the purposes of this Act the value of imported articles designated by the Secretary of the Treasury as provided for in section 6(a) of the Customs Simplification Act of 1956 shall be--

(1) The foreign value or the export value, whichever is higher;

(2) If the appraiser determines that neither the foreign value nor the export value can be satisfactorily ascertained, then the United States value;

(3) If the appraiser determines that neither the foreign value, the export value, nor the United States value can be satisfactorily ascertained, then the cost of production;

(4) In the case of an article with respect to which there is in effect under section 336 a rate of duty based upon the American selling price of a domestic article, then the American selling price of such article.

(b) Review of Appraiser's Decision.--A decision of the appraiser that foreign value, export value, or United States value can not be satisfactorily ascertained shall be subject to review in reappraisement proceedings under section 501; but in any such proceedings, an affidavit executed outside of the United States shall not be admitted in evidence

if executed by any person who fails to permit a Treasury attache to inspect his books, papers, records, accounts, documents, or correspondence, pertaining to the value or classification of such merchandise.

(c) Foreign Value.--The foreign value of imported merchandise shall be the market value or the price at the time of exportation of such merchandise to the United States, at which such or similar merchandise is freely offered for sale for home consumption to all purchasers in the principal markets of the country from which exported, in the usual wholesale quantities and in the ordinary course of trade, including the cost of all containers and coverings of whatever nature, and all other costs, charges, and expenses incident to placing the merchandise in condition, packed ready for shipment to the United States.

(d) Export Value.--The export value of imported merchandise shall be the market value or the price, at the time of exportation of such merchandise to the United States, at which such or similar merchandise is freely offered for sale to all purchasers in the principal markets of the country from which exported, in the usual wholesale quantities and in the ordinary course of trade, for exportation to the United States, plus, when not included in such price, the cost of all containers and coverings of whatever nature, and all other costs, charges, and expenses incident to placing the merchandise in condition, packed ready for shipment to the United States.

(e) United States Value.--The United States value of imported merchandise shall be the price at which such or similar imported merchandise is freely offered for sale for domestic consumption, packed ready for delivery, in the principal market of the United States to all purchasers, at the time of exportation of the imported merchandise, in the usual wholesale quantities and in the ordinary course of trade, with allowance made for duty, cost of transportation and insurance, and other necessary expenses from the place of shipment to the place of delivery, a commission not exceeding 6 per centum, if any has been paid or contracted to be paid on goods secured otherwise than by purchase, or profits not to exceed 8 per centum and a reasonable allowance for general expenses, not to exceed 8 per centum on purchased goods.

(f) Cost of Production.--For the purpose of this title the cost of production of imported merchandise shall be the sum of--

(1) The cost of materials of, and of fabrication, manipulation, or other process employed in the manufacturing or producing such or similar merchandise, at a time preceding the date of exportation of the particular merchandise under consideration which would ordinarily permit the manufacture or production of the particular merchandise under consideration in the usual course of business;

(2) The usual general expenses (not less than 10 per centum of such cost) in the case of such or similar merchandise;

(3) The cost of all containers and coverings of whatever nature, and all other costs, charges, and expenses incident to placing the particular merchandise under consideration in condition, packed ready for shipment to the United States; and

(4) An addition for profit (not less than 8 per centum of the sum of the amounts found under paragraphs (1) and (2) of this subdivision) equal to the profit which ordinarily is added, in the case of merchandise of the same general character as the particular merchandise under consideration, by manufacturers or producers in the country of manufacture or production who are engaged in the production or manufacture of merchandise of the same class or kind.

(g) American Selling Price.--The American selling price of any article manufactured or produced in the United States shall be the price, including the cost of all containers and coverings of whatever nature and all other costs, charges, and expenses incident to placing the merchandise in condition packed ready for delivery, at which such article is freely offered for sale for domestic consumption to all purchasers in the principal market of the United States, in the ordinary course of trade and in the usual wholesale quantities in such market, or the price that the manufacturer, producer, or owner would have received or was willing to receive for such merchandise when sold for domestic consumption in the ordinary course of trade and in the usual wholesale quantities, at the time of exportation of the imported article.

5. Denmark: Customs Act of December 18, 1970 1/

Section 15

The value of goods liable to an ad valorem duty shall be computed on the basis of the value of the goods for customs purposes [as defined below].

Section 16

Subsection 1. For the purpose of applying the customs tariff, the value for customs purposes of imported goods shall be the normal price, that is to say, the price which they would fetch at the time when the duty becomes payable on a sale in the open market between buyer and seller independent of each other.

Subsection 2. The normal price of imported goods shall be determined on the assumption that:

(1) the goods are delivered to the buyer at the place of entry into the customs territory;
(2) the seller bears all costs connected with the sale and delivery of the goods to the place of entry, such costs therefore being included in the normal price;
(3) the buyer bears all duties and taxes imposed on the customs territory, such duties and taxes therefore being excluded from the normal price.

Section 17

Subsection 1. A sale in the open market between a buyer and a seller independent of each other shall be a sale which, in particular:

(1) the payment of the price of the goods is the only actual contribution of the buyer [by actual contribution is meant not only the fulfilment of a legal or contractual obligation, but also any other form of consideration];
(2) the agreed price is not influenced by trade, financial or other relations, contractual or otherwise, which may exist, apart from those created by the sale itself between the seller or a natural or legal person who is a business partner of the seller on the one hand, and the buyer or a natural or legal person who is a business partner of the buyer on the other hand;
(3) no part of the product arising from resale or other disposal or from the purpose for which the goods are later to be used, shall accrue, directly or indirectly, to the seller or to any natural or legal person who is a business partner of the seller.

1/ In effect prior to January 1, 1973, the effective date of Denmark's entry into the Common Market.

Subsection 2. Two persons shall be considered business partners if one of them has any interest whatsoever in the business or the property of the other, or if they both have a joint interest in the business or property, or even if a third person has an interest in the business or property of each of them, whether such interest is direct or indirect.

Section 18 1/

Subsection 1. When the goods to be valued:

(1) are manufactured under a patent, or when the design or pattern thereof is protected;
(2) or are imported under a trademark;
(3) or are imported to be sold or otherwise disposed of under a foreign trademark, or for use under such a trademark,

the normal price shall be determined on the assumption that it includes the value of the right to use, in respect to such goods, the patent, design or model, or the trademark. Confer, however, the specific rules in Subsection 2.

Subsection 2. Where goods are imported for the purpose of sale or under a foreign trademark after subsequent working or processing, or for use under such a trademark, the following shall apply:

(1) The whole of the value of the right to use a foreign trademark shall be included in the normal price of the goods to be valued when such goods, after the import, have to undergo one or more of the following operations:
   (a) simple operations, such as affixing the trademark, breaking them down into parts, printing or packing;
   (b) operations which make little or no contribution to giving the goods covered by the trademark their essential characteristics or properties.
(2) The whole of the value of the right to use a foreign trademark shall be excluded from the normal price of the goods to be valued, provided tha the provisions of paragraph (1)(a) do not apply
   (a) when such goods are common products which can be easily obtained in the open market;
   (b) or when the right to use the trademark for the finished product depends on operations carried out after import and is not subject to the use of the goods to be valued;
   (c) or when the value of the imported goods must be assumed to be relatively low as compared with that of the finished product.

1/ Cfr. Article 3 of the E.E.C. Regulations.

(3) When the provisions in paragraphs (1) and (2) do not apply, part of the value of the right to use the foreign trademark shall be included in the normal price of the goods to be valued, the part of such value attributable to the working or processing carried out after import being excluded from the normal price of the goods to be valued.

Subsection 3. A trademark shall be considered a foreign trademark for the purpose of this Section if it is the trademark of:

(1) any person whosoever who, outside the customs territory, has cultivated, produced, manufactured or put on sale the goods to be valued, or otherwise intervened in connection with them,

(2) or any person whosoever who is a business partner of any person specified under (1);

(3) or any person whosoever whose rights to the trademark are limited by agreement with any person specified under (1) or (2).

Section 19

Subsection 1. 1/ The Minister of Finance shall be authorized to issue regulations for the valuation of goods for customs purposes. Such regulations may allow the value of goods for customs purposes to be established as the price paid, the price to be paid, or on some other basis than the normal price. These regulations may also describe situations where it is not necessary to adjust the actually paid price to the [theoretical] normal price.

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1/ Cfr. Article 9 of the E.E.C. Regulations.

6. Norway: Customs Tariff, as amended November 10, 1966 1/

Section 5

1. For the purposes of levying duties of Customs, the value of any goods imported for home consumption shall be taken to be the normal price, that is to say, the price which they would fetch on the day that they are cleared through Customs, on a sale in the open market between buyer and seller independent of each other.

2. When goods to be valued are manufactured in accordance with any patented invention or are goods to which any registered design has been applied or are imported under a foreign trade mark or are imported for sale under a foreign trade mark, whether or not after having been processed or transformed, the normal price shall be determined on the assumption that the value of the right to use the patent, design or trade mark in respect of the goods is covered by the price.

Section 6

1. The normal price of any imported goods shall be determined on the following assumptions:

that the goods are treated as having been delivered to the buyer at the place of importation;

that the seller will bear all costs, charges and expenses incidental to the sale and to the delivery of the goods at the place of importation;

the buyer will bear all duties and taxes applicables in Norway.

The expression, place of importation, shall be taken to be the Customs post or Customhouse at which the goods are disembarked or unloaded or, the case arising, the first Customs post or the first Customhouse at which the goods could virtually have been originally disembarked.

2. The normal price is to be taken to include the costs, charges and expenses entailed by any of the following: carriage and freight; insurance; commission and brokerage; costs, charges and expenses of drawing up outside the country of importation documents incidental to the introduction of the goods into Norway; the net amount (after allowing for repayments made or to be made) of duties and taxes applicable outside the country of importation; costs of containers excluding those which are treated as separate articles for the purpose of levying customs duties, and loading charges.

1/ Currently in effect, Library of Congress, February 1972.

3. The cost of packaging shall be calculated according to the expenses entailed by the use of the packaging when the packaging or packagings of the corresponding kind and quantity:

(a) will be re-exported within the year following the date of importation; or

(b) were exported by the owner of the goods during the year preceding importation, provided such importation was not as defined at (a) above

4. In other cases, the cost of packaging will be calculated according to their value.

Section 7

1. A sale in the open market between buyer and seller independent of each other presupposes:

(a) that the price is the sole consideration; and

(b) that the price made is not influenced by any commercial, financial or other relationship, whether by contract or otherwise, between the seller or any other person associated in business with him and the buyer or any person associated in business with him (other than the relationship created by the sale of the goods in question); and

(c) that no part of the proceeds of the subsequent resale, use or disposal of the goods will accrue either directly or indirectly to the seller or any person associated in business with him.

2. Two persons shall be deemed to be associated in business with one another if, whether directly or indirectly, either of them has any interest in the business or property of the other or both have a common interest in any business or property or some third person has an interest in the business or property of both of them.

Section 8

1. Where goods covered by a sales contract, the agreed price shall be taken for the establishment of the normal price; however, the necessary adjustments should be made to the agreed price when purchase has been effected in other conditions than those defined under A and B above.

2. As regards goods covered by a sales contract, changes in the prices of such kinds of goods occuring between the date of purchase and the date of entry for clearance through Customs shall not entail a change in the dutiable value unless more than 6 months have elapsed between those two dates. Moreover, in general, adjustments which are not based only on the details given in the invoice and the other documents concerning the purchase and delivery of the goods may not be

made, unless, in the opinion of the Customs, such adjustments do not substantially affect the calculation of the duties. However, the importer shall have the faculty of requesting that the duties and taxes referred to in sub-paragraph B 1, and which he is able to prove, be deducted.

3. Adjustments may be made, in certain circumstances (for example when the goods are imported by branches or subsidiaries), on the basis of the price at which the goods will be re-sold by the importer.

7. Sweden: Valuation provisions, as amended 1/

a. Customs Tariff Ordinance (May 13, 1960)

Section 3

The duty ..... net weight.

The duty chargeable on goods liable to ad valorem duty shall be assessed on the normal price, that is to say, the price which they would fetch at the time when entry is presented on a sale in the open market between buyer and seller independent of each other.

The normal price shall be determined on the assumption that the goods are delivered to the buyer at the port or place of introduction, that the seller will bear all costs, charges and expenses, incidental to the sale and to the delivery of the goods at that port or place, and that the buyer will bear any duties or taxes applicable in Sweden.

If the goods have been acquired by purchase, the price paid or payable shall be accepted as the normal price subject to such adjustments as may be necessary when the goods are purchased on conditions differing from those mentioned in the second and third paragraphs.

b. Customs Tariff Proclamation (May 13, 1960)

Chapter 3. Valuation

Section 4

A sale in the open market between buyer and seller independen of each other, as referred to in Section 3 of the Customs Tariff Ordinance pre-supposes :

(i) that the price is the sole consideration;

(ii) that the price made is not influenced by any special relationship, whether by contract or otherwise, between the seller or any person associated in business with him ~~and the buyer or~~ any person associated in business with him; and

1/ As amended to February 1972.

(iii) that no part of the proceeds of the subsequent re-sale, use or disposal of the goods will accrue either directly or indirectly to the seller or any person associated in business with him.

Two persons shall be deemed to be associated in business with one another if, whether directly or indirectly, either of them has any financial interest in the business or property of the other or both have a common financial interest in any business or property of some third person or some third person has a financial interest in the business or property of both persons.

Section 5

By port or place of introduction as referred to in the third paragraph of Section 3 of the Customs Tariff Ordinance is meant, when goods are imported by ship or by aircraft, the port or the airport to which the goods are consigned or at which they are discharged from the ship or the aircraft for on-carriage to their destination, and when goods are imported otherwise, the frontier place within the Customs area.

Section 6

In the case of goods which are manufactured in accordance with any patented invention or are goods to which any registered design has been applied, or are imported under a foreign trade mark or are imported for sale under a foreign trade mark, the normal price shall be determined on the assumption that the value of the right to use the patent, design, or trade mark in respect of the goods is covered by the price.

Section 7

The "costs, charges and expenses" mentioned in the third paragraph of Section 3 of the Customs Tariff Ordinance include, inter alia, any of the following :

carriage and freight;

insurance;

commission;

brokerage;

costs, charges and expenses of drawing up, outside Sweden, documents incidental to the introduction of the goods into Sweden;

the net amount (after allowing for repayments made or to be made) of duties and taxes applicable outside Sweden;

cost of containers excluding those which are treated as separate articles; cost of packing; and

loading charges.

Carriage and freight shall be calculated for the transportation of the goods to their destination within the Customs area, unless the carriage and freight to the port or place of introduction, are satisfactorily proved.

Cost of containers shall be calculated as equal to the value of the containers. However, the cost of containers may be calculated as equal to the cost incidental to the use of the containers, if the containers or other containers of the same kind and quantity have either been exported by the importer within one year before the importation, provided that this exportation has not earlier been invoked for determining the cost of packing in the manner now stated, or are intended to be exported by him within one year from the importation. In the latter case Sections 15 and 16 shall apply correspondingly. The Board of Customs or, according to instructions of the Board, the local customs office may admit extension of the abovementioned time limits.

If the costs, charges and expenses, referred to the third paragraph of Section 3 of the Customs Tariff Ordinance, with regard to a consignment, separately presented for customs clearance, do not exceed 10 Skr, they need not be taken into consideration when determining the normal price.

If a consignment, separately presented for customs clearance, contains goods falling under different customs tariff headings, the costs, which relate to the consignment and which all together do not exceed 100 Skr, may be considered as wholly relating to a duty-free product or a product liable to a specific duty, if any such product is a part of the consignment, and otherwise considered as relating to the product liable to the lowest rate of duty, all on the assumption that the product does not constitute an insignificant part of the consignment.

Section 8

In determining the normal price of the goods by application of the fourth paragraph of Section 3 of the Customs Tariff Ordinance a price adjustment for the reason that the price of goods of the kind in question may have changed during the period between the conclusion of the contract of sale and the time when the entry is presented shall not be considered necessary, unless the time interval exceeds six months.

Otherwise price adjustments shall not be made, unless such adjustments would essentially affect the amount of duty chargeable, or could be made merely on the basis of the invoice and other documents relating to the purchase and delivery of the goods.

8. United Kingdom: Current valuation provisions 1/

a. Customs and Excise Act 1952

Part X

Section 258. Valuation of goods for purpose of ad valorem duties 2/

(1) For the purposes of any enactment for the time being in force whereunder a duty of customs is chargeable on goods by reference to their value, the value of any imported goods shall be taken to be that laid down by the Sixth Schedule to this Act, and duty shall be paid on that value:

Provided that, in the case of goods imported under a contract of sale and entered for home use, duty shall be deemed to have been paid on that value if, before the goods are delivered for home use, duty is tendered and accepted on a declared value based on the contract price.

(2) For the purpose of the proviso to the foregoing subsection--

(a) the declared value of any goods is their value as declared by or on behalf of the importer in making entry of the goods for home use;

(b) that value shall be deemed to be based on the contract price if, but only if, it represents that price properly adjusted to take account of circumstances differentiating the contract from such a contract of sale as is contemplated by the Sixth Schedule to this Act;

(c) the rate of exchange to be used for determining the equivalent in sterling of any foreign currency shall be the current selling rate in the United Kingdom as last notified before the time when the goods are entered for home use.

(3) The Commissioners may make regulations for the purpose of giving effect to the foregoing provisions of this section, and in particular for requiring any importer or other person concerned with the importation of goods to furnish to the Commissioners, in such form as they may require, such information as is in their

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1/ In effect prior to January 1, 1973, the effective date of the United Kingdom's entry into the Common Market.

2/ As amended by the Import Duties Act of 1958, the Purchase Tax Act of 1963, the Finance Act of 1970 and the Finance Act of 1971; these Acts are primarily concerned with the administration of the provisions of the 1952 Act and leave the 1952 Act virtually unchanged.

opinion necessary for a proper valuation thereof, and to produce any books of account or other documents of whatever nature relating to the purchase, importation or sale of the goods by that person.

(4) If any person contravenes or fails to comply with any regulation made under this section, he shall be liable to a penalty of fifty pounds.

b. Customs and Excise Act of 1952, Sixth Schedule

Value of imported goods

1.-(1) The value of any imported goods shall be taken to be the normal price, that is to say the price which they would fetch, at the time when they are entered for home use (or, if they are not so entered, the time of importation), on a sale in the open market between buyer and seller independent of each other.

(2) The normal price of any imported goods shall be determined on the following assumptions:-

(a) that the goods are treated as having been delivered to the buyer at the port or place of importation; and

(b) that the seller will bear freight, insurance, commission and all other costs, charges and expenses incidental to the sale and the delivery of the goods at that port or place; but

(c) that the buyer will bear any duty or tax chargeable in the United Kingdom.

2. A sale in the open market between buyer and seller independent of each other pre-supposes--

(a) that the price is the sole consideration; and

(b) that the price made is not influenced by any commercial, financial or other relationship, whether by contract or otherwise, between the seller or any person associated in business with him and the buyer or any person associated in business with him (other than the relationship created by the sale of the goods in question); and

(c) that no part of the proceeds of the subsequent re-sale, use or disposal of the goods will accrue either directly or indirectly to the seller or any person associated in business with him.

3. Where the goods to be valued--

(a) are manufactured in accordance with any patented invention or are goods to which any registered design has been applied; or

(b) are imported under a foreign trade mark, or are imported for sale (whether or not after further manufacture) under a foreign trade mark,

the normal price shall be determined on the assumption that the price covers the right to use the patent, design or trade mark in respect of the goods.

4. For the purposes of the last foregoing paragraph, the expression "trade mark" includes a trade name and a get-up, and a foreign trade mark is a trade mark used for the purpose of indicating that goods in relation to which it is used are those of--

(a) a person by whom the goods to be valued have been grown, produced, manufactured, selected, offered for sale or otherwise dealt with outside the United Kingdom; or

(b) a person associated in business with any such person as is referred to in sub-paragraph (a) of this paragraph; or

(c) a person to whom any such person as is mentioned in sub-paragraph (a) or (b) of this paragraph has assigned the goodwill of the business in connection with which the trade mark is used.

5. Two persons shall be deemed to be associated in business with one another if, whether directly or indirectly, either of them has any interest in the business or property of the other, or both have a common interest in any business or property, or some third person has an interest in the business or property of both of them.

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9 . Australia: Customs Act 1901-1971

Division 2. - Ad Valorem Duties.

153A. The value of any imported goods for the purposes of the Customs Tariff 1966 is, unless the contrary intention appears, the value for duty of the goods ascertained or determined in accordance with this Division.

154. - (1.) The value for duty of any goods shall be the sum of the following:-

(a) (i) the actual money price paid or to be paid for the goods by the Australian importer plus any special deduction, or

(ii) the current domestic value of the goods,

whichever is the higher; and

(b) all charges payable or ordinarily payable for placing the goods free on board at the port of export.

(2.) In the case of goods consigned for sale in Australia the value for duty shall be the amount which would be the value for duty if the goods were at date of exportation sold to an Australian importer instead of being consigned for sale in Australia.

(3.) In this section -

"Current domestic value" means the amount for which the seller of the goods to the purchaser in Australia is selling or would be prepared to sell for cash, at the date of exportation of those goods, the same quantity of identically similar goods to any and every purchaser in the country of export for consumption in that country; and

"Special deduction" means any discount or other deduction allowed to the Australian importer which would not ordinarily have been allowed to any and every purchaser at the date of exportation of an equal quantity of identically similar goods.

155. In ascertaining the value for duty under the last preceding section of goods that are the produce or manufacture of Canada, the amount included in the value for duty in respect of inland freight charges incurred in Canada shall not be greater than the amount of freight charges that would have been incurred in Canada if the goods had been forwarded from the place of origin of the goods to the nearest point of exit in Canada.

157. - (1.) Where any amount which is, under any other provision of this Act, required to be taken into account for the purpose of ascertaining the value for duty of any goods is not an amount in Australian currency, the amount to be so taken into account shall be the equivalent in Australian currency of that amount, ascertained according to a fair rate of exchange at the date of exportation of the goods.

(2.) For the purposes of this section, the Minister may, where he considers it desirable so to do for the avoidance of doubt, specify, by notice published in the Gazette, a rate which is to be deemed to be, or to have been, a fair rate of exchange in relation to any currency -

(a) on a date, or during a period, preceding the date of publication of the notice; or

(b) from the date of publication of the notice, or an earlier date specified in the notice, until the revocation of the notice.

(3.) The rate of exchange specified in relation to any currency in pursuance of the last preceding sub-section shall, in relation to the value for duty of any goods exported on the date or during the period to which the rate so specified applies, be the rate of exchange which shall be applied for the purposes of sub-section (1.) of this section in respect of the currency specified in the notice.

(4.) In any case in which the rate of exchange to be applied is not ascertained by virtue of the last preceding sub-section, and in which doubt exists as to that rate, the Minister may specify a fair rate of exchange to be applied for the purposes of the particular case.

158. Whenever the Collector has a doubt as to the accuracy of the declared value of dutiable goods he may detain such goods and assess the value thereof.

Should the owner object to the value so assessed he may request that the value may be ascertained by experts in manner prescribed.

Should the owner refuse to pay the duty as assessed by the Collector or ascertained by experts the Collector may sell the goods.

The provisions of this section shall not apply in cases where the Minister is of opinion that any evasion of this Act has been committed or attempted.

159. No person shall send or bring into Australia or have in his possession without reasonable excuse any blank or partly blank invoice form capable of being filled up and used as a genuine invoice.

Penalty: One thousand dollars.

160. Whenever it is difficult to determine the value for duty of any goods, either because the goods are not sold for use or consumption in the country of production or because a lease of the goods or the right of using the same is sold or given but not the right of property therein, or because the goods have a royalty imposed thereon and the royalty is uncertain or is not a reliable means of estimating the value of the goods, or because the goods are usually or exclusively sold by or to agents or by subscription or are sold or imported in or under any other unusual or peculiar manner or conditions (of all which matters the Minister shall be judge) the Minister may determine the value for duty of the goods.

161. - (1.) For the protection of the revenue against the under-valuation of goods subject to ad valorem duties any goods entered as of a specified value may at any time before sale and delivery to a person who shall prove to the satisfaction of the Collector that he purchased and took delivery in good faith and without any knowledge of the entry and subject to as may be prescribed be purchased by the Customs at their declared value with an addition of Ten per centum on the amount of such value.

(2.) The purchase shall be effected by the seizure of the goods by an officer and written notice of the seizure given to the owner.

(3.) The officer shall remove the goods to a warehouse or some place of security, and the owner shall thereupon be entitled to the purchase money.

(4.) The goods shall become the property of the King immediately on seizure, and shall afterwards be disposed of as may be prescribed or as the Collector may direct.

(5.) A refund in whole or in part of any duty paid on the goods may be made by the Collector.

(6.) This section shall not limit or restrict any other power possessed by the Customs relating to the goods.

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Division 4. - Disputes as to Duty.

167.- (1.) If any dispute arises as to the amount or rate of duty payable in respect of any goods, or as to the liability of any goods to duty, under any Customs Tariff, or under any Customs Tariff or Customs Tariff alteration proposed in the Parliament, the owner of the goods may pay under protest the sum demanded by the Collector as the duty payable in respect of the goods, and thereupon the sum so paid shall, as against the owner of the goods, be deemed to be the proper duty payable in respect of the goods, unless the contrary is determined in an action brought in pursuance of this section.

(2.) The owner may, within the times limited in this section, bring an action against the Collector, in any Commonwealth or State Court

of competent jurisdiction, for the recovery of the whole or any part of the sum so paid.

(3.) A protest in pursuance of this section shall be made by writing on the entry of the goods the words "Paid under protest" and adding a statement of the grounds upon which the protest is made, and, if the entry relates to more than one description of goods, the goods to which the protest applies, followed by the signature of the owner of the goods or his agent.

(4.) No action shall lie for the recovery of any sum paid to the Customs as the duty payable in respect of any goods, unless the payment is made under protest in pursuance of this section and the action is commenced within the following times:-

(a) In case the sum is paid as the duty payable under any Customs Tariff, within six months after the date of the payment; or

(b) In case the sum is paid as the duty payable under a Customs Tariff or Customs Tariff alteration proposed in the Parliament, within six months after the Act, by which the Customs Tariff or Customs Tariff alteration proposed in the Parliament is made law, is assented to.

(5.) Nothing in this section shall affect any rights or powers under section one hundred and sixty-three of this Act.

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10. Brazil: Decree-Law No. 37, November 18, 1966 1/

Provisions concerning import duties, organization of customs services, and other matters

The President of the Republic, exercising the powers granted to him by Article 31, Sole Paragraph, of Institutional Act No. 2 of October 27, 1965, decrees:

Title I
Import Duties

Chapter I
Scope

Article 1--Import duties shall be applicable on any foreign merchandise. They are generated by the entry of such merchandise into the national territory.

Sole paragraph-- For the occurrence of the above duty generating fact, the recording by the customs authorities of the entry of merchandise as import goods shall be taken into consideration.

Chapter II
Basis for Calculation

Article 2--The bases for calculation of import duties are:

I--Quantity of merchandise, as expressed by the units of measurement on the tariff, when the customs duty proportion is specific;

II--Standard price of the merchandise when customs duties are calculated ad valorem, or the price obtained by auctioneer if the merchandise was sold in an auction.

Article 3--Standard value or price is understood to be the value of the same merchandise or a similar one at the time of importation, as defined by the regulation, for a sale made under conditions of free competition, to be delivered at the port or place of entry into the national territory.

Article 4--In regard with the provisions in the preceding article, sale under conditions of free competition is understood to be that in which:

I--The only responsibility of the purchaser is payment of the price;

II--The price was established free from commercial, financial or any other kinds of influence, with or without a contract, except relationships engendered by the sale itself between the seller and his associates, and the purchaser and his associates; and

III--No portion of the proceedings from the subsequent sale, cession or use of the merchandise shall return, directly or indirectly, to the seller or his associates.

1/ Currently in effect, Library of Congress, January 1972

Article 5--The rules set forth by this Decree-Law and its regulations, norms related to the determination of the standard price, may be complemented by specific criteria established by the Council of Customs Policy according to the provisions of Art. 27, Law 3244 of August 14, 1957.

Article 6--The value on the bill of sale may also be considered as an indicator of the standard price without prejudice to the following:

I--Necessary precautions to avoid fraud derived from false or fictitious contracts;

II--Discovery of eventual discrepancies between the price on the bill of sale and the standard value, as defined hereby.

Article 7--The Council of Customs Policy may establish minimum standard values for merchandise in the following cases:

I--When the standard price is difficult to determine;

II--When it shows abnormalities and variations in the international market as well as in any other particular market;

III--When merchandise is intended to be exported to Brazil as a "dumping" or similar practice, without prejudice to the application of the provisions under Section 2, Article 3, Law 3244 of August 14, 1957.

* * * * * * *

Decree-Law No. 1111 of July 10, 1970

The President of the Republic acting under authority vested in him by article 55, item II of the Constitution decrees:

Article 1--In the event of substantial import price difference of merchandises originated from various countries, which at the discretion of the Customs Policy Council prejudice or may prejudice the

domestic production of similars, that Council is empowered to take corrective steps toward an equilibrium of the prices of the importation of the affected product.

Article 2--In the cases foreseen in article 1 there may be established a base price for assessment of the import tax on the basis of the price for which the merchandise or similar merchandise is normally offered for sale in the country's wholesale market, added to the inland expenses up to the loading port to Brazil, and to insurance and freight (c.i.f.), deducted when applicable internal consumption taxes which may be reimbursed to the exporter.

Sole paragraph--In determining the base price, the export prices of similar products from the country of origin to third countries may also be used as a basis or alternatively the production costs of the product in the countries of origin to which there is added a reasonable amount in lieu of sales costs and profit.

Article 3--In the absence of data necessary for the establishment of the price as outlined in article 2, the base price shall be determined statistically on the basis of c.i.f. import prices verified during the latest semester for which statistics are available.

Paragraph 1 -- The base price thus obtained may not be above the highest c.i.f. import price calculated by country of origin during the time period referred to in this article.

Paragraph 2 -- Imports originating from LAFTA member countries shall not be computed for calculation of the base prices.

Article 4--In the event of a generalized drop in import prices which prejudices or may prejudice the domestic production of similars, the Customs Policy Council may also establish a base price for the affected product.

Paragraph 1--In the absence of data necessary for the establishment of the price as outlined in article 2, the base price shall be determined statistically on the basis of c.i.f. import prices verified during the nearest semester which at the criteria of the Customs Policy Council shows characteristics of normality as to the prices of the affected products.

Paragraph 2--The base price, when used in accordance with the foreseen in this article, shall not be applied for a time period superior to 3 years.

Paragraph 3--The base price thus determined may not be above the highest c.i.f. import price calculated by country of origin during the time period referred to in paragraph 1.

Article 5--When the c.i.f. price of a given product is lower than the base price established for that product, the import tax shall be mixed by combining a specific tariff represented by the difference between the base price and the c.i.f. import price and the prevailing ad valorem tariff applicable on the base price.

Sole paragraph--In all other cases the import tariff shall be collected according to the Legislation in force.

Article 6--The base price calculation shall be reexamined every 6 months.

Sole paragraph--When the reexamination of the calculation shows changes in the price structure of the product for which a base price has been established, proving the abnormal characteristics defined in article 1 and 4 no longer exist, the Customs Policy may determine the suspension of the application of said measures.

Article 7--The Customs Policy Council shall issue Resolution containing provisions necessary for the execution of this Decree-Law.

11. Canada: Revised Statutes of 1970

VALUATION FOR DUTY

Determination of value for duty.

35. (1) The value for duty of goods imported shall be determined in accordance with the provisions of sections 36 to 44.

(2) In this section and sections 36 to 44 , with reference to any goods,

"country of export" means the country from which the goods were shipped directly to Canada;

"cost of production" means an amount that in accordance with good business principles and practices fairly reflects the manufacturing or production costs of the goods at the time of shipment to Canada; and

"gross profit" means the fair market value of the goods when sold in the circumstances described in section 36, minus the cost of production thereof; and

"duty" does not include duty or provisional duty imposed under the Antidumping Act.

Valuation for duty

36. (1) Subject to section 39, the value for duty shall, notwithstanding any invoice or affidavit to the contrary, be the fair market value, at the time when and place from which the goods were shipped directly to Canada, of like goods when sold

(a) to purchasers located at that place with whom the vendor deals at arm's length and who are at the same or substantially the same trade level as the importer, and

(b) in the same or substantially the same quantities for home consumption in the ordinary course of trade under competitive conditions.

Rules to be applied in ascertaining value.

(2) The following rules apply in the application of subsection (1):

(a) if there were no sales at the time when the goods were shipped to Canada, there shall be substituted therefor the most recent sales prior to the time of shipment that fairly reflect the market value of the goods at the time of shipment;

(b) if there were no purchasers located at the place from which the goods were shipped to Canada, there shall be substituted therefor sales to the purchasers located nearest thereto;

(c) where goods imported into Canada and goods sold for home consumption are like goods except only that the goods sold for home consumption have applied to them a trade mark, as defined in the Trade Marks Act, that is not applied to the goods imported into Canada, and goods like the goods imported are not sold for

home consumption, the goods imported and the goods sold for home consumption shall be deemed to be like goods for the purposes of this section, if, in the opinion of the Minister,

(i) the goods are being imported into Canada without that trade mark applied to them in order to avoid the operation of subsection (1), and

(ii) it is probable that there will be applied to the goods, subsequent to their importation into Canada, that trade mark or any other mark so closely resembling that trade mark that it is likely to be taken therefor:

(d) regard shall not be had to a sale for home consumption to a purchaser by a vendor who did not, at the same or substantially the same time, sell like goods in the ordinary course of trade to other persons in the country of export, not controlled by or in control of or otherwise related to the purchaser; and

(e) where goods were not sold in the same or substantially the same quantities for home consumption

(i) if the quantity shipped to Canada is larger than the largest quantity sold for home consumption, those quantities shall be deemed to be the same quantities,

(ii) if the quantity shipped to Canada is smaller than the smallest quantity sold for home consumption, the value for duty shall be based on the amount for which, in the opinion of the Minister, having regard to that trade, such smaller quantities would have been sold if they had been sold for home consumption.

(3) Where the value for duty cannot be determined under subsections (1) and (2) for the reason that

(a) there were no purchasers in the country of export (in this subsection called "home purchasers") who were at the same or substantially the same trade level as the importer, or

(b) although there were home purchasers who were at the same or substantially the same trade level as the importer, there were no sales to them in the circumstances described in subsections (1) and (2),

the home purchasers, if any, at the trade level nearest and subsequent to that of the importer to whom sales were made in the circumstances described in subsections (1) and (2) shall, for the purposes of those subsections, be deemed to have been at the same trade level as the importer.

When value for duty to be cost of production plus profit.

37. Subject to section 39, where like goods were not sold for home consumption, or were not sold for home consumption in the circumstances

described in section 36, but similar goods were so sold, the value for duty shall, notwithstanding any invoice or affidavit to the contrary, be the aggregate of

(a) the cost of production of the goods imported; and

(b) an amount that is the same percentage of the cost of production of the goods imported as the gross profit on the similar goods is of the cost of production of the similar goods.

38. Where the Governor in Council is satisfied, on a report from the Minister, that the application of subparagraph (1) of paragraph (e) of subsection (2) of section 36 or subsection (3) of section 36 is inequitable in that it results in discrimination against the importation of goods of a class from any country, as compared with the importation of goods of that class from any other country, the Governor in Council may prescribe the manner in which the value for duty of goods of that class, as determined under section 36 or 37, shall be reduced; but the value for duty of any imported goods upon being reduced as provided in this section shall not be less than an amount equal to the cost of production of the goods plus such amount for gross profit as is deemed reasonable by the Governor in Council.

Special cases.

39. Where in any case or class of cases

(a) the value for duty cannot be determined under section 36 or 37 for the reason that like or similar goods are not sold in the country of export or are not sold in such country in the circumstances described in those sections,

(b) the goods imported

(i) are intended to be assembled, packaged or further manufactured in Canada or are intended to enter into the course of manufacture in Canada,

(ii) are used or obsolete goods,

(iii) are not prime quality goods as known in the trade, or are known in the trade as remnants, close-outs or discontinued lines or are surplus goods,

(iv) constitute a job lot, or

(v) are intended to be used directly in the process of manufacture or production of goods and like goods are not sold in the country of export,

(c) like goods are leased but not sold in the country of export, or

(d) the Minister is of opinion that by reason of unusual circumstances the application of sections 36 and 37 is impracticable,

the value for duty shall be determined in such manner as the Minister prescribes.

Determination of cost of production, gross profit, etc.

40. Where sufficient information has not been furnished or is not available to enable the determination of cost of production, gross profit or fair market value under section 36 or 37, the cost of production, gross profit or fair market value, as the case may be, shall be determined in such manner as the Minister prescribes.

Minimum value.

41. (1) Notwithstanding anything in this Act, where the value for duty as determined under sections 36 to 40 is less than the amount for which the goods were sold to the purchaser in Canada, exclusive of all charges thereon after their shipment from the country of export, the value for duty shall be the amount for which the goods were sold, less the amount, if any, by which the fair market value of the goods has decreased between the time of purchase and the time of exportation.

(2) The amount of any internal tax imposed within the country of export or origin on any goods imported into Canada, from which such goods have been exempted or have been or will be relieved by means of a refund or drawback, shall be deducted from the value for duty of such goods as determined under sections 36 to 40.

(3) The Governor in Council may order that such import duties imposed within the country of export or origin as he specifies shall be deducted, in whole or in part, from the value for duty of any goods as determined under sections 36 to 40.

Discounts.

(4) In determining the value for duty of any goods, no discount or deduction shall be allowed that is not shown, allowed and deducted on invoices covering sales for home consumption in the country of export, in the ordinary course of trade.

Value of best article in package.

(5) In determining the value for duty of goods of the same material, or of a similar kind but a different quality, that are shipped in the same package, and were invoiced or sold at an average price, the value for duty of the best article contained in such package shall be deemed to be the average value of all the goods.

Goods on consignment.

(6) For the purposes of sections 36 to 40, where goods are shipped to Canada on consignment,

(a) if the goods were sold in the course of transit before importation, the person to whom such goods are sold shall be deemed to be the importer, and

(b) in all other cases, the consignee shall be deemed to be the importer.

Additions.

42. (1) If the value for duty as determined under sections 36 to 41, does not include,

(a) the amount of any subsidy or drawback of Customs duty that has been allowed by the Government of any other country, or

(b) the amount or money value of any so-called royalty, rent or charge for use of any machine or goods of any description, that the seller or proprietor does or would usually charge thereon when the same are sold or leased or rented for use in the country of export,

such amount shall be added thereto.

(2) There shall be added to the value for duty as determined under sections 36 to 41 the amount of consideration or money value of any special arrangement between the exporter and the importer, or between any persons interested therein, because of the exportation or intended exportation of such goods, or the right to territorial limits for the sale or use thereof.

Goods exported to Canada through another country.

43. Goods bona fide exported to Canada from any country but passing in transit through another shall, upon such terms and conditions as to shipment, documentation, warehousing, trans-shipment or the like as the Governor in Council may prescribe, be valued for duty as if they were imported direct from such first mentioned country.

44. In the case of any imported goods that

(a) were shipped indirectly to Canada from the country of origin through one or more other countries; and

(b) would, but for this section, be valued for duty under sections 36 to 42 at less than the value for duty of such goods would be if the country of export were the country of origin; the goods shall, notwithstanding subsection (1) of section 36, upon such terms and conditions as to shipment, documentation, warehousing, transshipment or the like as the Governor in Council may prescribe, be valued for duty as if they were imported direct from the country of origin at the time they were first shipped from that country.

12. Japan: Customs Tariff Law [1]

(Dutiable Value)

Article 4. The value which constitutes the dutiable basis (hereinafter referred to as "the dutiable value") of imported goods on which customs duty is to be imposed with their value taken as the dutiable basis (hereinafter referred to as "ad valorem dutiable goods") or of imported goods on which customs duty is to be imposed with their value and quantity taken as the dutiable basis (hereinafter referred to as "ad valorem and specific dutiable goods") shall be the price at which the goods concerned or the same kind of goods are sold in the ordinary quantity and manner of wholesale transaction at the time of export of the goods concerned in the country from which they are exported (excluding the amount of domestic consumption duty which is reduced or exempted or as to which a drawback is allowed at such time of export) added to the amount of ordinary expenses to be incurred by the time of shipping at the port of export (including the amount of imposts if there are such imposts) and the amount of ordinary freight and insurance to be charged by the time of arrival at the port of import (as regards such goods transported by aircraft as prescribed by Cabinet Order, the amount of freight and insurance which would be charged in the case of transportation by ordinary means of transportation other than aircraft).

2. If, in case there is an invoice or any other data concerning import of goods (hereinafter referred to as "invoice, etc." in this Article) which duly indicates the price and other terms of the transaction concerned, there is not any of the conditions mentioned below or any similar condition as to the invoice, etc. concerned and the price ex-ship of the goods concerned computed on the basis of the invoice, etc. concerned (as regards goods transported by aircraft, the price equivalent thereto computed in accordance with the provisions of the preceding paragraph) is deemed a price equivalent to the dutiable price of the goods concerned under the provisions of the same paragraph, the dutiable value as mentioned in the same paragraph shall be based on the price ex-ship of the goods concerned computed on the basis of the invoice, etc. concerned; provided that, if the goods concerned are deemed, in view of the terms of transaction in the goods concerned, to have changed in quality or been damaged before the time of import declaration or such time of finalization of dutiable objects as prescribed in Article 4 (Finalization of Dutiable Objects) of the Customs Law (as regards such goods as mentioned in item (1) of the same Article, the time of import declaration; hereinafter referred to as "the time of import declaration, etc." in this Article), a value after deduction of the amount of decrease in value due to the change in quality or damage concerned shall be adopted as the dutiable basis:

(1) In case the transaction indicated in the invoice, etc. concerned is a transaction respecting a consignment sale contract or any other special contract, the price of transaction indicated in the invoice, etc. concerned does not represent the price of import transaction to be settled actually.

1/ In effect prior to September 1, 1972, the date on which Japan acceded to the Valuation Convention and began applying the Brussels Definition of value.

(2) The invoice, etc. concerned represents a transaction between the head office and a branch office of the same corporation or between two companies affiliated in capital or between two parties in a similar special relationship and the price and other terms of the transaction are different from the price and other terms of an ordinary transaction due to such special relationship.

3. In case the dutiable value of goods cannot be computed in accordance with the provisions of the preceding paragraph or in such cases as prescribed by Cabinet Order as cases where the period from the time of the arrival of goods at the port of import to the time of import declaration, etc. is so long that the price has markedly changed during the period concerned, such dutiable value as mentioned in paragraph 1 shall, according to the classification of cases mentioned in the following items (in such cases as prescribed by the Cabinet Order concerned, the classification of cases mentioned in item (2) through item (4)), be the price as mentioned in the item concerned:

(1) Where it is possible to compute a price equivalent to such dutiable value as provided for in paragraph 1 of the goods concerned by taking the price computed according to the invoice, etc. of the goods concerned as the basis and by adjusting such price with reference to other data so as to serve the purpose of the provisions of the same paragraph. A price computed by the adjustment concerned.

(2) Where, except in such case as falls under the preceding item, there is a dutiable value computed in accordance with the provisions of the preceding paragraph or the preceding item as to the same or a similar kind of goods which arrived at the port of import at the latest date before the time of import declaration, etc. of the goods concerned. A price equivalent to the dutiable value concerned (if there is a difference in price between the goods concerned and the goods of the same or a similar kind concerned due to a difference in quality, efficiency, the time of import and other conditions, a price computed, in accordance with the provisions of Cabinet Order, by multiplying the dutiable value concerned by the ratio of prices corresponding to the difference in quality or efficiency in the price list of such goods or by the rate of depreciation corresponding to the difference in the year of model or the date of production or by the rate of fluctuation in price corresponding to the time of import or by adding or subtracting the prices of constituent articles according to the difference in constituent articles or by otherwise adjusting the dutiable value concerned).

(3) Where, except in such cases as fall under the preceding two items, there is a price-list of goods of the same kind as, or a kind similar to, the goods concerned which has been prepared by a manufacturer, seller, etc. of goods of the same kind or a similar kind which is available in the country from which the goods concerned are exported or any other data sufficient to compute a price equivalent to such dutiable value as provided for in paragraph 1 of the goods concerned.

A price computed on the basis of the data concerned by taking into consideration a difference in price due to a difference in quality, efficiency and other conditions between the goods concerned and the goods of the same or a similar kind concerned and by making necessary adjustments in such manner as described in the preceding item so as to serve the purpose of the provisions of paragraph 1.

(4) Cases which do not fall under any of the preceding three items. A price computed by deducting the amount of customs duty and other imposts and the amount of ordinary expenses from delivery ex-ship to wholesale (including ordinary profits from wholesale) from the price at which goods of the same kind as, or a kind similar to, the goods concerned are sold in Japan in the ordinary quantity and manner of wholesale transaction at the time of import declaration, etc. of the goods concerned and by making necessary adjustments to the remainder in the manner described in item (2) with the difference in quality, efficiency and other conditions between the goods concerned and the goods of the same kind or a similar kind concerned taken into consideration.

4. In case the dutiable value is computed in accordance with the provisions of either of the preceding two paragraphs, the conversion of a price expressed in a foreign currency into Japanese currency shall be made at such rate of foreign exchange as prescribed by the Minister of Finance as of the day of application of laws and orders to be fixed in accordance with the provisions of Article 5 (Applicable Laws and Orders) of the Customs Law (as regards such goods as mentioned in item (2) of the same Article, the day of the import declaration thereof).

5. The details concerning the application of each of the preceding paragraphs and other necessary matters concerning computation of the dutiable basis shall be prescribed by Cabinet Order.

(Benefit Duties)

Article 5. As regards products of and imported from countries which are not given the benefit under a special provision of a treaty concerning customs duty (including areas constituting parts thereof; hereinafter the same in this Article through Article 8 and Article 9-(2) paragraph 2), benefit concerning customs duty may be given with countries and goods designated and within the limits of the benefit under the said provision, in accordance with the provisions of Cabinet Order.

13. Mexico: Import Tariff

a. Custom Code, January 20, 1956[1/]

Article 3 — By and with the approval of the Tariff Commission, the *Secretaría de Hacienda y Crédito Público* shall officially establish the prices of the various categories of goods for the purpose of applying *ad valorem* rates of duty.

These official prices shall be published in the *Diario Oficial* of the Federation and shall become operative on the date fixed in each case by the *Secretaría de Hacienda y Crédito Público*.

For the determination of the official prices above referred to the *Secretaría de Hacienda* shall comply with the rules published in the *Diario Oficial* of July 31, 1948 and in the *Diario Oficial* of May 4, 1951, until such time as they are amended by the Executive Power.

Article 4 — The *ad valorem* duty rates set out in the Tariff are to be applied on the official price assigned to the goods concerned, unless the price appearing in the trade invoice is higher than the official price, in which case the *ad valorem* rates of duty are to be applied to the invoice price.

Where no official price has been established, the *ad valorem* rates of duty are to be levied on the price given in the invoice.

Where no trade invoice exists or if such invoice is not required in conformity with the provisions of the Customs Code, the value of goods shall be established by the examiner responsible for carrying out Customs identification, who shall, for that purpose, refer to sales bills, statistics, catalogues and other documents that may be produced by the importer. In the absence of such documents, the examiner shall establish the value by estimate.

The same procedure shall be followed where it is suspected that the invoice value is not the real value, and, if the inaccuracy is confirmed, the examiner shall notify the fact so as to initiate the compulsory examination of the administrative file.

Article 5 — Trade invoices accompanying imported goods must give the value of the goods on their retail sale on the market in the place of purchase, together with expenses, such as the cost of packaging and labour. However, no reduction shall be allowed, other than a reduction for freight and insurance premiums.

In cases provided for by law, or when the *Secretaría de Hacienda y Crédito Público* so deems expedient, it shall be compulsory for the trade invoice to contain a declaration made under oath by the importer or the consignee to the effect that the price in the invoice is that of the goods concerned in the market in the place of purchase on their sale by retail. False declarations shall render the person concerned liable to the penal sanctions provided for in such cases, without prejudice to the faculty of the *Secretaría de Hacienda* to demand the payment of the duties assessed by applying the *ad valorem* rates to the retail value of the goods on the market.

1/ Currently in effect, Library of Congress, January 1972

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b. Official Journal, dated July 31, 1948

Official Prices and Commercial Invoices

Rules proclaimed July 13, 1948, which the Secretariat of Finance and Public Credit should observe in fixing prices for the application of the ad valorem quotas established in the General Import Tariff (Tariff of General Duty on Imports).

Based on the third article of the decree establishing the General Import Duty, I have proclaimed the following

RULES which the Treasury Department should observe in fixing prices for the application of the ad valorem quotas established in that Tariff:

First.--The wholesale price of the imported merchandise in the country of origin, of the principal country exporting such goods to Mexico, will be used.

Second.--In defining the wholesale price, the prevailing price of the merchandise under consideration in the market of origin will be taken into account. In order to do this, prices published in the daily newspapers, trade publications, catalogs or price lists generally available to the public will be taken into consideration. There also will be taken into account the official prices for certain merchandise made known by the respective Governments or in their official publications.

Third.--In case foreign publications which may serve as a base to determine these prices are not available, it will be necessary to request information directly from important foreign commercial establishments or to have the Mexican consulates furnish such information.

Fourth.--In case foreign prices cannot be obtained neither in publications nor in direct form as previously indicated, price estimates will have to be made with regard to the value(s) of equal or similar merchandise in the national market. In order to do this, the current wholesale price in Mexico City will first be taken into consideration and if these are not available, those of other important markets in the Republic. For this purpose, prices published in periodicals, trade magazines, catalogs or price lists of important commercial establishments will be taken into account.

Fifth.--The Secretary of the Department of Finance and Credit will modify the official prices each time there is a change of 10 percent in a price previously fixed.

Sixth.--While studies are being completed and necessary adjustments are being made to fix prices in conformity with the aforementioned rules, these prices will be fixed by taking as a base the statistical average unit value of the merchandise included in each section of the Import Tariff of 1947, increased in relation to the price indices calculated for the current year, with the exception of the sections included in the Commercial Treaty with the United States.

In order to fix prices in accordance with the aforementioned conditions, for the merchandise included in the pertinent sections of this Treaty, the statistical average unit price for the first quarter of 1948 will be taken as the base.

Seventh.--[Added by Executive Order of March 30, 1951, as published in the Official Journal of May 4, 1951].--In those instances in which the foreign wholesale price, on which the regulation applies, is notably less than that for similar merchandise in the domestic market or when it is less than the cost of production in this country, the Treasury Department shall fix official prices based on the wholesale prices or on the cost of domestic production.

Appendix E. The Final List (Articles to be valued under section 402a, Tariff Act of 1930, as amended.)

(T. D. 54521)

VALUATION OF IMPORTS

Final list published by the Secretary of the Treasury pursuant to section 6 (a), Public Law 927, 84th Congress

TREASURY DEPARTMENT,
Washington, D. C., January 20, 1958.

To Collectors of Customs and Others Concerned:

The Secretary of the Treasury has determined and hereby makes public the list of articles set forth below as the final list required by section 6 (a) of the Customs Simplification Act of 1956, approved August 2, 1956, 70 Stat. 948 (Public Law 927, 84th Cong.).

Every article not specified in such final list which is entered, or withdrawn from warehouse, for consumption on or after the thirtieth day after the date of publication of such final list in the Federal Register, shall be appraised in accordance with the new valuation provisions of section 402 of the Tariff Act of 1930, as added by section 2 of the Customs Simplification Act of 1956.

Every article specified in such final list which is entered, or withdrawn from warehouse, for consumption on or after the thirtieth day after the date of publication of such final list in the Federal Register, shall be appraised in accordance with the provisions of section 402a of the Tariff Act of 1930, as amended.

The 30th day after the date of publication of this final list will be February 27, 1958.

Considerations of convenience to the public have suggested a listing with some deviations from existing principles of tariff classification, although the names and the order of the statutory schedules are maintained in the divisions of the list. It is to be emphasized that the order or position of any given article on this list does not in any sense represent an attempt to state, or affect, the classification of any article for tariff purposes.

Articles specified in this final list which were not specified in the preliminary list published in the Federal Register dated August 23, 1957 (22 F. R. 6842), but which have been added after investigation of timely representations made by manufacturers, producers, or wholesalers in the United States as provided for under section 6 (a) of the act, are marked with an asterisk (*). The asterisk identification is made solely for the purpose of information to the public and is not intended to have any effect upon the classification of any article for tariff purposes.

CHEMICALS, OILS AND PAINTS

Coal-Tar Products

Colors, Dyes, Stains, Color Acids, Bases, and Similar Products

*Acetosol green BLS
Acid anthracene red 3BL
*Acid anthralan red HGK
*Acid golden yellow 2R
Acid leather brown GBL
*Acid leather brown N3G
*Acid leather brown S
Acid leather dark brown G
Acid leather dark brown R
Acid light scarlet GL
*Acid magenta
Acid magenta FB extra
*Acid pure blue BR

CHEMICALS, OILS AND PAINTS—Continued

Coal-Tar Products—Continued

Colors, Dyes, Stains, Color Acids, Bases, and Similar Products—Con.

Acid pure blue R supra I
Acid red 3BL
*Acid red HGK
*Acid red XB
*Aciderm Havana SM
*Acramin black FBRK
*Acramin blue FFG
*Acramin golden yellow FGR
*Acramin green FB
*Acramin red FITR
*Acramin violet FFR
Alcian blue 8GN
*Alizarine fast blue BE
Alizarine fast brown G
*Alizarine fast violet FRL
*Alizarine geranol B
*Alizarine light blue 5GL
Alizarine light blue ESE
Alizarine light blue FG
Alizarine light blue HR
*Alizarine light blue HRL
Alizarine light brown BL
*Alizarine light red violet 3RL
Alizarine light violet RCN
Alizarine milling green B
Alizarine pure blue BL
Alizarine supra blue SES
*Aluminum steel gray BM
*Anodal light black new
*Anodal light gray
Anodal light orange
*Anodal light orange #3
Anthraquinone violet
Anthraquinone violet D
Anthrasol golden yellow IRK
*Artisil blue GFL
Artisil direct blue GFL
Artisil direct orange RFL
*Artisil orange RFL
*Azoic black 3582
*Azoic golden yellow IFG
*BASF discharge blue 3G
*Benzamine brilliant blue BBLS
*Benzamine brilliant green 6G
*Benzamine dark blue BLS
*Benzamine green 3GS
*Benzo brilliant green GLS
*Benzo brilliant green L3G
*Benzo orange BS
*Benzyl fast orange G
*Benzyl fast red 2BL

CHEMICALS, OILS AND PAINTS—Continued

Coal-Tar Products—Continued

Colors, Dyes, Stains, Color Acids, Bases, and Similar Products—Con.

*Benzyl fast rubine 4BN
*Benzyl fast yellow GW
*Benzyl red 3B
*Benzyl red BN
*Benzyl red R
Bleachers tint
Brilliant alizarine light blue 3F
*Brilliant alizarine light red 4B
Brilliant alizarine milling blue FGL
Brilliant alizarine milling blue G
Brilliant alizarine milling red FBL
Brilliant alizarine milling violet FBL
Brilliant alizarine sky blue 2GS
Brilliant direct pink 3B
Brilliant direct pink B
Brilliant kiton red B
Brilliant sky blue 8G
Brilliant sky blue RRM
Brilliant sulfon red 5B
*Carbolan brilliant blue 2RS
Carbolan crimson BS
*Carbolan yellow 4G
Chloramine brilliant green BN
*Chloramine copper red 5BL
Chloramine fast brown 2R
Chloramine fast brown 4RL
Chloramine fast brown R
Chloramine light gray B
Chloramine light gray R
Chlorantine fast blue 2BLL
*Chlorantine fast brilliant blue 2GLL
Chlorantine fast brown 4RL
Chlorantine fast brown 6GLL
*Chlorantine fast gray 2BLL
Chlorantine fast gray GLL
Chlorantine fast gray NGLL
*Chlorantine fast green F2GLL
*Chlorantine fast navy blue RLL
Chlorantine fast olive GLL
Chlorantine fast orange 2RL
Chlorantine fast red 5GL
*Chlorantine fast red 5GLL
Chlorantine fast rubine RNLL
Chlorantine fast scarlet BNLL
Chlorantine light gray B
Chrome fast bordeaux FBL
*Ciba pink BG
*Cibacete blue 3GN
*Cibalan black BGL
Cibalan blue BL
Cibalan bordeaux 3BL
Cibalan bordeaux GRL
*Cibalan brilliant blue G
*Cibalan brilliant blue GL
Cibalan brilliant yellow 3GL
Cibalan brown 5RL
Cibalan brown BL
Cibalan brown TL
Cibalan corinth BL

CHEMICALS, OILS AND PAINTS—Continued

Coal-Tar Products—Continued

Colors, Dyes, Stains, Color Acids, Bases, and Similar Products—Con.

Cibalan gray 2GL
Cibalan gray BL
Cibalan green GL
Cibalan red 2GL
Cibalan scarlet GL
Cibalan violet RL
*Cibalan yellow 2BRL
Cibalan yellow GRL
*Cibanone blue 2R
Cibanone violet 6B
Cibanone yellow 2GR
Cloth fast bordeaux B
Cloth fast brilliant red
Cloth fast brilliant violet
Cloth fast orange G
Cloth fast red 2BL
Cloth fast red 3B
Cloth fast yellow 2G
Coprantine black RLL
Coprantine blue GLL
Coprantine blue RLL
Coprantine bordeaux 2RLL
*Coprantine gray 2GL
Coprantine gray 2RLL
Coprantine green G
Coprantine green 3GLL
*Coprantine orange 2BRL
Coprantine yellow 2G
Coprantine yellow GRLL
*Coprantine yellow brown GLL
Cuprofix brown CRL
Cuprofix gray 3LB
Cuprofix navy blue CBL
Cuprophenyl black RL
Cuprophenyl brilliant blue 2BL
Cuprophenyl brown GL
Cuprophenyl brown 2GL
Cuprophenyl brown 2RL
*Cuprophenyl gray 2BL
Cuprophenyl gray GRL
Cuprophenyl navy blue BL
Cuprophenyl navy blue RL
Cuprophenyl red BL
Cuprophenyl rubine RL
*Cuprophenyl yellow 3GL
Cuprophenyl yellow RL
Cuprophenyl yellow brown RGL
*Deorlene brilliant blue RL
*Deorlene brilliant red R
Derma blue 2B
Derma carbon B
*Derma carbon black B
Derma carbon GTS
Derma gray LL
Diamine orange F
*Diamond chrome brilliant violet SB
Diazamine fast bordeaux 2BWL
Diazamine fast scarlet RWL
*Diazo brilliant green 6G

CHEMICALS, OILS AND PAINTS—Continued

Coal-Tar Products—Continued

Colors, Dyes, Stains, Color Acids, Bases, and Similar Products—Con.

Diazo brown BWA
*Diazo fast blue 6GW
*Diazo fast green BL
*Diazo trikot fast blue BL
Diazophenyl blue 8GW
Diazophenyl brilliant green G
Diazophenyl fast blue GL supra I
Diazophenyl fast green 2GL
Diazophenyl fast green GLN
*Diazophenyl fast scarlet GL
Diorlene blue 5G
*Diorlene brilliant blue RL
Diorlene brilliant red 3B
Diphenyl brown BBN supra I
Diphenyl fast blue 10GL
Diphenyl fast blue green BL
*Diphenyl fast bronze GL
Diphenyl fast brown 2RL
Diphenyl fast orange 3RL
Diphenyl fast orange GRW
Diphenyl fast red GL
*Direct brilliant pink G
*Erganil gray BC
*Erganil light brown C
Erio fast brown 5GL
Erio fast brown 5RL
Eriochrome azural G
Eriochrome blue 2GK supra I
*Eriochrome brown 5GL
Eriochrome brilliant green GL
Eriochrome brilliant violet B supra II
Eriochrome brilliant violet R supra I
Eriochrome geranol R supra I
Eriochrome red G
*Erioglaucine X
Fast blue IM
Fast jet black 2BRE
Fast leather black CL
*Fast leather brown CB
Fast leather dark blue BR
Fast silk sky blue
Grasol blue R
Grasol fast black G
Grasol fast brilliant red BL
Helizarine brilliant orange G
Helizarine gold yellow G
Helizarine gray B
Helizarine olive green G
Helizarine orange R
Helizarine red B
Helizarine red GR
Helizarine red R
Helizarine yellow G
*Immedial new blue FBL
*Indanthrene brilliant orange RR
*Indigosol brilliant orange IRK
Indocyanine B
*Irgacet brown 2GL
*Irgacet brown 7RL

CHEMICALS, OILS AND PAINTS—Continued

Coal-Tar Products—Continued

Colors, Dyes, Stains, Color Acids, Bases, and Similar Products—Con.

*Irgacet gray BL
*Irgacet orange RL
*Irgacet red 3GL
*Irgacet rubine RL
*Irgacet yellow 2RL
*Irgacet yellow GL
Irgalan blue GL
*Irgalan blue RL
Irgalan bordeaux 2BL
*Irgalan brilliant green 3GL
Irgalan brown 2GL
Irgalan brown 2RL
Irgalan brown 3BL
Irgalan brown 7RL
Irgalan brown violet DL
Irgalan dark brown 5R
Irgalan gray BL
Irgalan olive BGL
Irgalan orange RL
Irgalan red 3G
*Irgalan red 3GN
Irgalan rubine RL
Irgalan violet 5RL
Irgalan yellow GL
Irganol green BLS
Irganol red BLS
Irganol yellow 5GLS
*Kiton brown R
*Kiton green A
*Kiton rhodamine B
Lanasyn brown RL
Lanasyn brown 3RL
Lanasyn orange RLN
*Lanasyn red BL
*Lanasyn yellow GL
Leucophor B
Leucophor BS
Leucophor WS
*Levacen blue GE
*Levachrome brilliant violet SB
*Levamine yellow GW
*Levanol fast orange GS
*Levanthrene red brown GR
*Lugatol brown NGR
*Lumatex black T
*Lumatex blue B
*Lumatex blue R
*Lumatex brilliant orange G
*Lumatex gray B
*Lumatex olive green G
*Lumatex orange R
Lumicrease green 3LB
Lumicrease yellow 3LG
*Lunergan medium brown C
*Lurantine supra turquoise blue FBL
Luxanthol red R
*Metachrome yellow KE
Metomega chrome bordeaux 2BL
Metomega chrome brown PGL

CHEMICALS, OILS AND PAINTS—Continued

Coal-Tar Products—Continued

Colors, Dyes, Stains, Color Acids, Bases, and Similar Products—Con.

Metomega chrome brown PRLL
Metomega chrome gray BLC
*Metomega chrome green BLL
*Metomega chrome red 2GLL
Methyl lyons blue, salt-free
Microsol brilliant blue G
*Microsol brown GR
*Monolite fast brown BVS
Naphthochrome violet R
*Neolan flavine GFE
*Neolan light brown C
*Neolan red R
Neolan yellow 8GE
Neutral orange GX
Neutral orange RX
Neutral yellow GX
Neutral yellow RX
*Nigrosine T
*Oil brown B
*Oil red 3R
*Oil red BB
*Omega chrome brown G
*Omega chrome olive GL
Orange G dye for nitro cellulose lacquers
*Orasol brilliant fast red RG
*Orasol orange G
*Orasol scarlet GR
*Ortolan blue G
*Oxanal black RLN
*Oxanal red BL
Oxanol turquoise blue FGLL
Palanthrene cyanine B
Paper fast bordeaux B
*Pigment carmine FBB
*Pigment fast black TW
*Pigment fast carmine G
*Pigment fast marine RLW
*Pigment fast red R
*Pigment red toner HR
*Pigment yellow HR
*Pilate fast navy blue RDN
*Pilate fast red RN
Polar blue G supra I
Polar brilliant blue GAW
Polar brilliant red B
Polar brilliant red 3B
Polar brilliant red BN
Polar brilliant red 3BN
Polar brilliant red 10B
Polar brilliant violet BL
Polar brown 2GL
Polar gray
Polar maroon V
Polar red RL
*Polar yellow 5GN
*PV fast violet BL
*PV fast yellow HR
*Pyrazol discharge orange 3LG
*Pyrazol fast blue FGL

CHEMICALS, OILS AND PAINTS—Continued

Coal-Tar Products—Continued

Colors, Dyes, Stains, Color Acids, Bases, and Similar Products—Con.

*Pyrazol fast blue 2GLN
*Pyrazol fast brown RLN
*Pyrazol fast gray 2BL
Pyrazol fast orange GLL
Red B dye for nitro cellulose lacquers
Red dye for nitro cellulose lacquers
*Resoline blue FBL
*Resoline blue RRL
Rigan sky blue G
*Ronagen black IL
*Sandocryl orange RLCI
*Sandocryl violet BLCI
Sella acid brown B supra I
Sella acid brown G supra I
Sella acid brown R supra I
Sella fast black FF
*Sella fast brown DGR
*Sella fast brown DR
Setacyl blue for discharge G
*Setacyl blue green BBN
*Setacyl blue green BSN
Setacyl brown 2GR
Setacyl orange 2R
Setacyl red GBN
Setacyl violet 2R
Setacyl violet BR
Setopaline supra I
*Shirosol
Silk brown 3R
Sirius black L
Sirius supra brown G
*Sirius supra brown 5G
*Sirius supra gray GG
*Sirius supra orange RRL
Solar blue 2GLN
*Solar blue F
Solar blue FGL
Solar brown RLN
Solar discharge orange 3LG
Solar gray 2BL
Solophenyl bordeaux 2RL
Solophenyl brown BL
Solophenyl brown GL
Solophenyl brown GRL
Solophenyl brown RL
Solophenyl dark green GBL
Solophenyl gray 4GL
Solophenyl olive GL
Solophenyl orange 2RL
Solophenyl red 4BL
*Solophenyl rubine 3BL
*Solophenyl turquoise blue GRL
Sulfonine brilliant red 3B
Sulfonine gray BWL
Sulfonine gray G
Sulfonine scarlet GWL
Supramine red B
*Telon brown GRL
Tinopal SP

CHEMICALS, OILS AND PAINTS—Continued

Coal-Tar Products—Continued

Colors, Dyes, Stains, Color Acids, Bases, and Similar Products—Con.

Tinopal WR
Uvitex GS
Uvitex RI
Uvitex RT
Uvitex SI
*Vat black brown NT
*Vat brilliant scarlet RK
*Verogen brilliant red AN-B
*Verogen red AN-IFG
Viscofil blue BL
Viscofil blue green BL
Viscofil green 2GL
*Viscofil orange GL
Viscofil red BL
Viscofil yellow 3GL
Viscolan fast brown 3G
*Vulcan fast orange GG
*Vulcan fast pink G
*Vulcan fast yellow 5G
Wool fast blue FBL
Xylene cyanol FF
Xylene fast orange P
Xylene fast red P
Xylene light yellow R
Xylene milling yellow
Xylene red B
*Zapon fast scarlet CR

Intermediates

Adipic acid
*Agent 31-11
*Aniline hydrochloride (salt)
*Beta naphthol
Brenthol BA
Caprolactum
Carbazole
*Cassopar GL
Diketoindoline (isatin)
*Edolan A
Epsilon amino caprolactum
Epsilon caprolactum
Fast black ANS salt
Fast black K salt
Fast blue RT salt
*Fast blue VRT salt
Fast corinth V salt
Fast garnet GC base
Fast red base
Fast red RBE base
Fast red SW base
*Fast scarlet LG base
*Gentisic acid
1-Hydroxycyclohexyl hydroperoxide-1
Metacresol—90% or more pure
Naphthol AS-S
*2-Nitro-p-phenylenediamine
*Nonex WSL
*Nonex WSP
*Nonox
Parachlormetacresol

CHEMICALS, OILS AND PAINTS—Continued

Coal-Tar Products—Continued

Intermediates—Continued

Textile assistants (coal-tar intermediates other than colors, dyes, stains, color acids, and bases)
*Vinyl carbazole (mono)

Medicinals

Acetarsol
*Anthralen (1,8-dihydroxyanthranol)
*Methylacetanilide
*3-Nitro-4 hydroxyphenyl arsonic acid
*Pentazolum
*Sulfaguanidine U. S. P.
Sodium thialbarbitone

Other Finished Products

Chemicals, photographic, coal-tar
Irgatan LV
*Koresin
*Monoline

Non-Coal-Tar Drugs and Medicinals

*Adenosine-5-phosphoric acid, not in medicinal doses
*Adenosine triphosphate, crystalline disodium, not in medicinal doses
Aloin, not in medicinal doses
Ascorbic acid, (vitamin C), not in medicinal doses
Atropine methyl nitrate, not in medicinal doses
Atropine sulphate, not in medicinal doses
Calciferol (vitamin D-2), not in medicinal doses
Calcium lactate, not in medicinal doses
Chloral hydrate, not in medicinal doses
Cortisone acetate, not in medicinal doses
Desoxycorticosterone acetate, not in medicinal doses
Digitoxin, not in medicinal doses
Ephedrine hydrochloride, natural, not in medicinal doses
Estrone, not in medicinal doses
Ethinyl estradiol, not in medicinal doses
*Hydrocortisone, not in medicinal doses
Hyoscyamine hydrobromide, not in medicinal doses
Hyoscyamine sulphate, not in medicinal doses
Licorice extract in paste, rolls, or any form other than in medicinal doses
Lobeline hydrochloride, not in medicinal doses
Methyl testosterone, not in medicinal doses
Khellin, not in medicinal doses
Mustard oil, genuine, not in medicinal doses
Nucleic acid, not in medicinal doses
Physostigmine sulphate, not in medicinal doses
Pilocarpine hydrochloride, not in medicinal doses
Pilocarpine nitrate, not in medicinal doses
*Piperazine hexahydrate, not in medicinal doses
*Sodium nucleate, not in medicinal doses
Rauwolfia extract, not in medicinal doses
Rutin, not in medicinal doses
Scopolamine methyl nitrate, not in medicinal doses
Testosterone, not in medicinal doses
Testosterone enanthate, not in medicinal doses
Testosterone propionate, not in medicinal doses
Theophylline, not in medicinal doses
Thymol, not in medicinal doses

CHEMICALS, OILS AND PAINTS—Continued

Non-Coal-Tar Drugs and Medicinals—Continued

Vitamin B-1 hydrochloride (thiamine hydrochloride) (B-thiazol compound), not in medicinal doses
Vitamin B-6 hydrochloride (pyridoxine hydrochloride), not in medicinal doses

Industrial Chemicals

*Allyl isothiocyanate, (volatile oil of mustard, NF VIII, synthetic)
Aluminum chloride, anhydrous
Ammonium bifluoride
Ammonium persulphate
Brucine alkaloid
Brucine sulphate
Chalk, whiting, or paris white, precipitated
Chemical products chiefly used as assistants in preparing or finishing textiles
Chlorine, liquid
Chlorophyll
Decyl alcohol derived from coconut oil
Ergosterol, unirradiated
Ethyl silicate
Eucalyptol
*Glutathione, oxidized
Lauryl alcohol, derived from coconut oil, not sulphated
*Melamine
Nicotine alkaloid
Nicotine sulphate
Ore, manganese, activated
Peroxide, hydrogen
*Polyvinyl methyl ether, 100% strength
*Polyvinyl methyl ether, 70% strength
*Polyvinyl pyrrolidone
Potassium chromium sulphate (chrome alum)
Potassium metabisulphite
Potassium persulphate
Resin, synthetic, polyethylene
Sodium alginate
*Sodium chlorite
Sodium perborate
*Thiourea
Trichloroethylene
Vinyl acetate, unpolymerized

Medicinal and Pharmaceutical Preparations

Cortisone, hydrocortisone, and compounds thereof, in capsules, pills, tablets, lozenges, troches, ampoules, jubes, or similar forms, including powders, put up in medicinal doses
Plasters, healing or curative
Throat lozenges and similar forms, not of animal origin, non-coal tar

Miscellaneous Products

Extract, flavoring, orange and lemon mixture, containing more than 50% alcohol
Extract, tanning, chestnut (solid and powdered)
Extract, tanning, valonia
Gelatin, edible, valued less than 40 cents per pound
Glue of animal origin, excluding glue size and fish glue, valued over 12 cents per pound and under 40 cents per pound

CHEMICALS, OILS AND PAINTS—Continued

Miscellaneous Products—Continued

Ink, drawing, liquid
Polish, boot or shoe, non-alcoholic
Polish, metal, liquid, non-alcoholic
Shopping reminders, composed of a synthetic resin plastic, synthetic resin not chief binding agent, (an item designed to remind housewives of articles to be purchased when marketing)
Tape, recording, of cellulose acetate

Oils, Distilled or Essential

Oakmoss, absolute, natural essence of, concentrated, not containing alcohol
Oil, eucalyptus, not containing alcohol
Oil, ocotea cymbarum, not containing alcohol
Oil, sage, not containing alcohol
Oil, vetivert, not mixed or compounded with or containing alcohol
Oil, violet leaf, not containing alcohol

Pigments, Paints and Varnishes

Acetylene black
Carbon black, in paste form
Chrome yellow, chrome green (chromicoxide), and all other chromium colors
Paint, temperature indicating
Pigments, synthetic, iron oxide or iron hydroxide

Soap and Toilet Preparations

Cream, face
Perfumery, including cologne and toilet waters, containing alcohol
Perfumery, not containing alcohol
Pomade, hair
Powder, dusting, perfumed
Powder, shampoo
Tint, hair, cream
Toilet waters, not containing alcohol

EARTHS, EARTHENWARE AND GLASSWARE

Earthenware

Beer steins, earthenware, composed of a nonvitrified absorbent body, colored, enameled, gilded, ornamented, painted, printed, stained, tinted or decorated in any manner, and valued over $3 per dozen
Tiles, earthenware, floor and wall, glazed, valued not over 40 cents per square foot, 20 cm. x 20 cm., other than cement, ceramic mosaic, or quarry tiles

Earthy or Mineral Substances or Articles

Carbons, lighting, of all materials, ½ inch or more in diameter, for photocopying purposes
Grease, lubricating, in part of graphite
Talc, ground, valued over $14 per ton
Tubes (except gauge glass tubes), of fused quartz or fused silica
Wheels, discs, handlaps, and similar diamond tools for cutting, grinding or polishing, metal bonded, in chief value of diamond, but not including truing tools
Wool, mineral, granulated (red top granulated wool)

EARTHS, EARTHENWARE AND GLASSWARE—Continued

Glassware

Bell jars, glass
Cloth, woven, glass
Desiccators and parts thereof, glass
Laminated glass, and manufactures thereof
Museum jars, glass
Plate glass, ½ inch or more in thickness, and over 1008 square inches in area
Sheet glass, colored, blown

Optical Goods

Colorimeters and polarimeters
Colposcopes
Condenser lenses, "plano-convex"
Endoscopes
Goggles, and frames, mountings, and parts thereof, to be used in conjunction with underwater swimming, and valued over $2.50 per dozen
Microscopes, toolmakers', valued $25 each and over
Optical flat reflectors and reflector carriages, designed for use with microptic automatic collimators
Optical squares in mounts designed for use with microptic automatic collimators
*Sunglasses, with plastic frames, valued not over $0.65 per dozen pair
Polygons, glass, designed for use with microptic automatic collimators
Telescopes, valued over $20 each
Viewers, stereoscopic, miniature, having self-contained subject matter

METALS AND MANUFACTURES OF

Bearings and Parts, Ball and Roller

Balls and rollers for bearings, anti-friction, except balls 1 millimeter in diameter
Bearings, ball, metal, and parts thereof (including cages)
Bearings, roller, metal, and parts thereof

Bullions, Metal Threads, Lame or Lahn, and Articles Made Therefrom

Lame, or lahn, of gold, silver, or other metal
Ribbons, tassels, and woven fabrics, wholly or in chief value of tinsel wire, metal thread, bullions, lame or lahn, or any of the foregoing combined with rubber
Wire, tinsel, of gold, silver, or other metal

Electric Articles and Parts Other Than Machinery

Detectors, gamma ray
Flashlights and flashlight cases wholly or in chief value of metal
Heaters, electric (simulated fireplace logs)
Irons, ultrasonic soldering
Loud speakers
Motors, electric, not over 75 horsepower
Radio phonographs, wholly or in chief value of metal
Repeaters, ship steering
Resistors, specially designed for electric compasses, metal chief value
Switches, radio, electrical, escapement type

METALS AND MANUFACTURES OF—Continued

Electric Articles and Parts Other Than Machinery—Continued

Telephone apparatus and parts, wholly or in chief value of metal
Television apparatus, and parts thereof (except cameras), wholly or in chief value of metal
Testers for electric motors
Testers, insulation
Tubes, radio receiving
Welders, spot gun, electrical

Household, Kitchen, and Table Utensils

Boards, ironing, steel
Bowls, platters, and similar table, household, or kitchen utensils or holloware of stainless steel, used in preparation or service of food
Colanders, household, of iron or steel
Graters or shredders, household (other than meat grinders), revolving disk or drum type, wholly or in chief value of iron or steel
Letter openers, gold-plated
Racks, wine bottle, wire
Spoons (tea, soup, or dessert), of stainless steel
Table, household, or kitchen utensils, of iron or steel, enameled or glazed with vitreous glasses

Knives, Including Machine Knives, and Cutlery

Cutlery, table (forks, knives, and steels), under 4 inches in length exclusive of handle, with handles of nickel silver
Forks, table, under 4 inches in length exclusive of handle, with handles of austenitic steel
Forks, table, under 4 inches in length exclusive of handle, with handles of china, earthenware, or other ceramic material, valued over $3.75 per dozen
Knives, folding, stiletto type, with simple opening or switch blade, valued over $6.00 per dozen
Knives, for meat-chopping or grinding machines
Knives, table, under 4 inches in length exclusive of handle, with handles of austenitic steel
Knives, table, under 4 inches in length exclusive of handle, with handles of china, earthenware, or other ceramic material, valued over $3.75 per dozen

Machines, Machinery, and Parts Thereof

Apparatus, breathing, underwater, incorporating a mechanical contrivance, not having as an essential feature an electrical element or device
Closers, door, mechanical, not having as an essential feature an electrical element or device
Collets and chucks for machine tools
Comparators, dial, not having as an essential feature an electrical element or device
Compressors, air and gas, not having as an essential feature an electrical element or device, parts of
Cream separators, valued at more than $100 each
Cream separators, valued at more than $100 each, parts of, wholly or in chief value of metal or porcelain
Drills, portable (hobby shop type), having as an essential feature an electrical element or device

Machines, Machinery, and Parts Thereof—Con.

Drivers, screw, pneumatic, not having as an essential feature an electrical element or device
Engines, internal-combustion, carburetor type, having as an essential feature an electrical element or device
Guns, airplane riveting
Guns, paint spray, having as an essential feature an electrical element or device
Lathes (except watch and toolmakers')
Machinery, bookbinding (three-knife trimmers only)
Machinery, cotton spinning, parts of
Machinery, cotton twisting, parts of
Machinery, for bleaching, printing, dyeing, or finishing textiles and parts thereof
Machinery, printing presses, rotary type, for printing on paper, and other than duplicating machines
Machinery, wool spinning, parts of
Machines, adding, having as an essential feature an electrical element or device
Machines, automatic, numbering
Machines, automatic, silk screen printing
Machines, bag filling and closing, not having as an essential feature an electrical element or device, and parts thereof
Machines, bag making, not having as an essential feature an electrical element or device, and parts thereof
Machines, bakery dough mixing, having as an essential feature an electrical element or device
Machines, boring and milling
Machines, brewing, not having as an essential feature an electrical element or device, and parts thereof
Machines, calculating, having as an essential feature an electrical element or device, parts of, of a type specially constructed for multiplying and dividing
Machines, calculating, not having as an essential feature an electrical element or device, and parts thereof, specially constructed for multiplying and dividing, and of the full keyboard rotary type, not key driven
Machines, calibration, for calibrating magnetometers, not having as an essential feature an electrical element or device.
Machines, candy wrapping
Machines, centrifugal, and parts thereof, other than cream separators, for separation of liquids or liquids and solids
Machines, chain making
Machines, chalk marking, not having as an essential feature an electrical element or device
Machines, chocolate covering, confectionery, having as an essential feature an electrical element or device
Machines, coil winding, not having as an essential feature an electrical element or device
Machines, combination candy cutting and wrapping
Machines, combination jig-boring and milling
Machines, cookie depositor, having as an essential feature an electrical element or device
Machines, flour and grain milling, not having as an essential feature an electrical element or device, parts of
Machines for electro-polishing metal, having as an essential feature an electrical element or device
Machines, glass ampoule cutting, having as an essential feature an electrical element or device
Machines, grinding, tool and cutter

METALS AND MANUFACTURES OF--Continued

Machines, Machinery, and Parts Thereof—Con.

Machines, grinding, twist drill
Machines, indexing, metal engraving
Machines, jolt squeeze turnover molding (foundry type), not having as an essential feature an electrical element or device
Machines, knitting, automatic flat ("V"-bed type)
Machines, knitting, flat bed (hand knitting type) not having an an essential feature an electrical element or device
Machines, lens grinding, having as an essential feature an electrical element or device
Machines, lifting and pulling, (similar to chain hoists), not having as an essential feature an electrical element or device
Machines, macaroni conveyor and dryer, having as an essential feature an electrical element or device
Machines, macaroni making, having as an essential feature an electrical element or device
Machines, metal thread cutting
Machines, milk pasteurizing, plate type (heat exchangers), not having as an essential feature an electrical element or device
Machines, noodle cutting, having as an essential feature an electrical element or device
Machines, pantograph, die-sinking
Machines, paper bag cutting, not having as an essential feature an electrical element or device
Machines, paper box, and parts thereof
Machines, paper cutting, (other than bookbinding), having as an essential feature an electrical element or device
Machines, paper shredding, having as an essential feature an electrical element or device
Machines, photocopying, having as an essential feature an electrical element or device
Machines, pie-making, having as an essential feature an electrical element or device
Machines, pleating, having as an essential feature an electrical element or device
Machines, rod-casting, not having as an essential feature an electrical element or device
Machines, rust chipping
Machines, semi-jig boring
Machines, tablet counting and filling, not having as an essential feature an electrical element or device
Machines, testing, other than laboratory, for determining the hardness of metals or metal articles, having as an essential feature an electrical element or device, and parts thereof
Machines, textile yardage measuring, and parts thereof
Machines, vinegar making, having as an essential feature an electrical element or device
Machines, wood chip vibration screening, not having as an essential feature an electrical element or device
Magnetometers, not having as an essential feature an electrical element or device
Presses, drill
Pumps, submersible, having as an essential feature an electrical element or device
Shapers, metal working
Sieves, having as an essential feature an electrical element or device
Turbochargers, gas, not having as an essential feature an electrical element or device
Wincindrums, not having as an essential feature an electrical element or device, and parts thereof

METALS AND MANUFACTURES OF—Continued

Mill Products

Aluminum

Tubing, aluminum
Wire, zipper, wholly or in chief value of aluminum or aluminum alloy

Nickel

Anodes, bars, castings (except machine parts), electrodes, plates, rods, sheets, strands, strips, or wire, wholly of nickel
Anodes, bars, castings (except machine parts), rods, sheets, strands, strips, or wire, of nickel alloys (except those provided for in paragraph 302 or 380)

Steel

Steel, feeler gauge, cold rolled, hardened, tempered and bright polished, thicker than 1/100 inch and not thicker than 5/100 inch, not over 8 inches wide
Steel, needle cutter, not thicker than 1/100 inch, not over 8 inches wide, alloyed
Steel, razor blade, alloyed, .881 inch by .005 inch
Steel, razor blade, alloyed, .750 inch by .009 inch
Steel, razor blade, cold rolled, .881 inch by .005 inch
Steel, strip, hot rolled, commercial quality, mill edge, specification 1055-F, thicker than 5/100 inch but not thicker than 23/100 inch, and over 8 inches but not over 16 inches wide
Steel, wood band saw, cold rolled, tempered, not over 8 inches wide, thicker than 1/100 inch but not thicker than 5/100 inch, and alloyed under the provisions of paragraph 305, Tariff Act of 1930
Tubing, steel, seamless, cold drawn
Wire, steel, flat, galvanized or coated with any metal, not over 8 inches wide, thicker than 1/100 inch and not over 5/100 inch

Miscellaneous Metal Articles

Assemblies and subassemblies of watch hands
Bolts and latches, panic, (of a type similar to those used on theater exit doors), and parts thereof, in chief value of metal
Calcium metal, in crowns, flattened
Chains and parts, of iron or steel, for the transmission of power, having not more than 2-inch pitch and more than three parts per pitch
Clips, aluminum, specially designed for use in packaging clothing or as bag closures
Cyclometers, for measuring distance, valued at not more than $1.10 each
Darts, throwing, in chief value of steel or lead
Dials, watch—less than 1 77/100 inches wide—imported separately
Emblems, automobile, chief value iron or steel
Grease seals and washers, in chief value of metal
Grippers, for holding metal sheets, in chief value of metal
Lighters, pipe, valued over $5 per dozen
Locks, luggage, metal, not plated with platinum, gold, or silver
Magnets, chief value of iron or steel, except electromagnets and except those designed for use as machine parts of electrical apparatus
Metallic packing, wholly or in chief value of lead
Pedestals, for ball or roller bearings, (not including machine parts), in chief value of iron or steel
Pillow blocks and parts thereof, (for ball or roller bearings), in chief value of iron or steel

METALS AND MANUFACTURES OF—Continued

Miscellaneous Metal Articles—Continued

Pins, sealing, aluminum, for airplanes
Pistols, automatic or magazine, and revolvers, valued over $8 each
Plaques, wall, brass, not plated with platinum, gold, or silver, or gold lacquered
Pulleys, lamp, in chief value of metal
Racks, drying, printers, in chief value of iron or steel
Rivets, bifurcated, steel, machined
Rivets, tubular, aluminum, machined, plain or anodized
*Rivets, tubular, brass, brake lining, lathed, machined, or brightened
*Rivets, tubular shoe, steel or brass, lathed, machined, or brightened
Sashes or frames of structural iron or steel, louvre (jalousie) type
*Screws, machine, brass, having shanks or threads 1/8 inch or over in diameter but not exceeding 24/100 inch or over in diameter
*Screws, machine, steel, having shanks or threads 1/8 inch or over in diameter but not exceeding 24/100 inch or over in diameter
Sharpeners, pencil, in chief value of metal
Shores, building, and parts, in chief value of metal
Skids, roller, in chief value of metal
Studs, horseshoe, in chief value of metal
Testers, freeness, for use in pulp making, in chief value of metal
Watch cases, parts of, in chief value of any base metal

Needles

Needles, embroidery machine
Needles, latch, for knitting machines
Needles or hooks, crochet, of iron or steel
Needles, sewing machine, household type
Needles, sewing machine, industrial type
Needles, shoe machine
Needles, surgical

Scientific, Laboratory, and Professional Apparatus, Instruments, and Equipment

Apparatus, laboratory, for analytical determination of gluten
Balances, analytical, and parts thereof
Burrs, dental
Electrophoresis equipment
Instruments and parts, laboratory, sound measuring
Instruments, laboratory, dissecting
Machines, therapy, ultrasonic, and accessories
Mills, laboratory
Sphygmomanometers
Thermobalances, laboratory

Tools and Gages

Calipers and parts thereof, which are hand tools of metal and capable of measuring finer than 1/32 of an inch
Gages, hand, stop and go type, chief value iron or steel
Gages, height, vernier, in chief value of metal
Saw blades, for bow saws
Saws, hand, in sets, with interchangeable blades, and universal handle
Saws, pocket, wire, (outdoorsman's or camper's)

METALS AND MANUFACTURES OF—Continued

Vehicles, Vessels, and Parts

Airplanes, seating six passengers or less, not including seaplanes, amphibians, or aircraft other than airplanes
Automobile parts, finished
Automobiles
Boats, pleasure, sail, steam or motor propelled, of fiberglass construction, valued at not more than $15,000 each
Engines, parts of, internal combustion, carburetor type, for pleasure boats
Motorcycles, parts of
Motorscooters
Motorscooters, parts of
Pins, pip release (airplane parts)
Spokes, bicycle
Trucks, automobile, valued at $1,000 or more each
Winches, sheet, for yachts, metal, bottom handle

WOOD AND MANUFACTURES OF

Barrels or kegs, beer, wooden
Blocks, wooden, hat
Figures, wooden, whistling
Flooring, hardwood, of maple (except Japanese), birch, or beech
Handles, wood, fan
Osier or willow, including chip and split willow, prepared for basket makers' use
Plywood, birch, including door panels

SUGAR, MOLASSES, AND MANUFACTURES OF

Candy, sugar, and all confectionery, valued at six cents or more per pound

AGRICULTURAL PRODUCTS AND PROVISIONS

Baked Articles

Biscuits, cake, cakes, wafers, and similar baked articles other than puddings or rice crackers; all the foregoing by whatever name known, whether or not containing chocolate, fruits, nuts, or confectionery of any kind

Dairy Products

Cheese, cheddar, whether or not in original loaves, but not processed otherwise than by division into pieces, having a score of 92 or more

Fruits and Preparations

Jelly, currant, red or black, four pound pack
Mixtures of two or more fruits, prepared or preserved, other than mincemeat

Fodders and Feeds

Dog food, unfit for human consumption, canned and dried, and containing a substantial amount of grain products
Feeds, mixed

Meat Products

Beef, brisket, canned, two pound pack and four pound pack
Beef, corned, canned, four pound pack and six pound pack
Beef, roast, canned, twelve ounce pack and five pound pack

AGRICULTURAL PRODUCTS AND PROVISIONS—Continued

Meat Products—Continued

Meatballs, cocktail, packed in celery sauce, in curry sauce, or in brine, in one pound cans
Sausages, cocktail, pork with beef, in 4½ ounce cans

Other Edible Preparations

Millet, hulled, for human consumption
Peppers, packed in brine or vinegar
Snails, other than marine, edible, canned
Soup mix, dehydrated, for human consumption
Soups, soup rolls, soup tablets or cubes, and other soup preparations
*Wheat gluten, vitalized

Nursery and Greenhouse Stock

Buds, lily (heads only), fresh cut
Bulbs, Begonia
Bulbs, Gloxinia
Corms and bulbs, Anemone

COTTON MANUFACTURES

Belts and belting, for conveyor machinery, of vegetable fiber and rubber, valued at 40 cents or more per pound
Cases or covers, for underwater fishing guns, wholly or in chief value of cotton
Covers, adding machine and cash register, wholly or in chief value of cotton
Cottons, embroidery, put up for hand work, in lengths not exceeding 840 yards
Felt, dryer, paper makers', wholly or in chief value of cotton, not in part of India rubber, and used as belts or belting on paper making machinery
Handbags, ladies, wholly or in chief value of cotton
Measures, tape, wholly or in chief value of cotton
Mop cloths, cotton, not pile fabric
Packing, mechanical, molded, cotton and rubber, chief value cotton
Tapestries, needlework, unfinished, wholly or in chief value of cotton
Tapestries and other Jacquard-figured upholstery cloth (not including bed ticking or pile fabric), in the piece, in chief value of cotton, and containing 17% or more by weight of wool
Velvets, other than upholstery velvets, cut or uncut, whether or not the pile covers the entire surface, wholly or in chief value of cotton

FLAX, HEMP, JUTE, AND MANUFACTURES OF

Canvas, flax, waterproof, brown
Cloth, lapping, woven, in chief value of vegetable fiber other than cotton or jute, containing over 17% by weight of wool, but not including woven fabrics of flax, hemp, or ramie, with woven or printed colored stripes in the warp
Floor coverings, felt base, including only those which are made with an asphalt impregnated paper felt or paper and rag felt base
Matting, sisal (not cut to specific size or shape), in rolls
Packing, mechanical, molded, linen and rubber, chief value linen
Tapestries, needlepoint, unfinished, wholly or in chief value of vegetable fibers other than cotton

WOOL AND MANUFACTURES OF

Blankets, wholly or in chief value of wool, not exceeding 3 yards in length, valued not over $1 per pound, not handwoven
Carpets, wool, of oriental weave, produced on a power driven loom
Felts, belts, blankets, jackets, or other articles of machine clothing, for papermaking, printing, or other machines, wholly or in chief value of wool, woven as units or in the piece, finished or unfinished
Gloves and mittens, knit, finished or unfinished, wholly or in chief value of wool, valued as defined in subdivisions (c), (d), (e), and (f) of redesignated section 402a of the Tariff Act of 1930, in the order specified in section 402a (a) at not more than $1.75 per dozen pairs
Sweaters, men's and women's, including pullovers, slipovers, cardigans, and similar articles, wholly or in part of cashmere, knit or crocheted, valued over $5 per pound
Yarns, wholly or in chief value of wool or other hair (including mohair), fancies (including nub, flamme, slub, and similar types), valued over $1.50 per pound

SILK MANUFACTURES

Fabrics, silk, woven, in the piece, except pile, exceeding 30 inches in width, jacquard-figured, bleached, printed, dyed, or yarn dyed, valued over $14 per pound
Ribbons, velvet, silk pile

MANUFACTURES OF RAYON AND OTHER SYNTHETIC TEXTILES

Fabrics, pile (including velvets, chenilles, and plushes), wholly or in chief value of rayon or other synthetic textile
Filaments, other than waste, synthetic, not exceeding 30 inches in length, noncellulosic, for textile use
Gloves, composed of 15 denier knit nylon fabric, valued over $1.50 per dozen pair
Ribbon, derived from pile fabrics, pile partly cut, in chief value of rayon or other synthetic textile
Ribbons, pile fabric, with pile wholly cut or wholly uncut, wholly or in chief value of rayon or other synthetic textiles
Yarn, fancy, composed of cotton and rayon, in chief value of rayon
Yarns, rayon, plied, having not more than 20 turns twist per inch and weighing 150 deniers or more
Yarns, rayon, singles, having not more than 20 turns twist pers inch, weighing less than 150 deniers per length of 450 meters
*Yarns, spun, of rayon or other synthetic textile, plied
*Yarns, spun, of rayon or other synthetic textile, singles

PAPER AND BOOKS

Books and Other Printed Matter

Books, bound or unbound, of bona fide foreign authorship (not including catalogues, manuals and instruction books for automobiles, trucks, machinery or similar equipment, prayer books or books bound wholly or in part of leather)
Books, bound or unbound, not of bona fide foreign authorship (not including catalogues, manuals and instruction books for automobiles, trucks, machinery or similar equipment, prayer books, or books bound wholly or in part of leather)

PAPER AND BOOKS—Continued

Books and Other Printed Matter—Continued

Cards, greeting (other than valentines, tally cards, place cards, and all other social and gift cards, including folders, booklets, and cutouts), with greeting, title or other wording
Cards, social and gift, without greeting, title or other wording
Literature, tourist, of bona fide foreign authorship (not lithographically printed)
Music, in books or sheets, of bona fide foreign authorship

Papers

Carbon paper, uncoated
Coarse paper, uncoated, embossed
Decalcomania paper, simplex, not printed
Filter paper, in sheets, valued at $0.75 or more per pound, not cut, die cut, or stamped into designs or shapes for articles
Filter paper, cut, die cut, or stamped into designs or shapes
Linmaster paper, uncoated, embossed
Newsprint paper, heavyweight, white, over .004 inches thick, over 35 pounds weight per ream, in rolls or sheets
Newsprint paper, novel news, white, .005 inches and over thick, 32 pounds to 35 pounds weight per ream, in rolls or sheets
Newsprint paper, trim news, white or colored, under 15 inches width, not over .004 inches thick, 32 pounds to 35 pounds weight per ream, in rolls only
Newsprint paper, various colors, not over .004 inches thick, 32 to 35 pounds weight per ream, in sheets only
Newsprint paper, yellow or canary color, 15 inches width or over, not over .004 inches thick, 32 pounds to 35 pounds weight per ream, in rolls only (includes pencil tablet paper)
Photographic paper, unsensitized, baryta coated
Roofing paper, felt
Sensitized paper to be used in photography
Surface coated paper, covered partly or wholly with metal or its solutions, weighing 15 pounds or more per ream (basis 20 x 25 inch sheet)
Unsensitized paper, basic, to be sensitized for use in photography
Vegetable parchment paper.

Board Products

Boards, wood pulp, including beer mat board (not plate finished, supercalendered, friction calendered, laminated by means of an adhesive substance, coated, surface stained or dyed, lined or vat-lined, embossed, printed, decorated or ornamented in any manner, or cut into shapes for boxes or other articles)
Boxboard, lined, folding
Container board of a bursting strength over 60 pounds per square inch by the Mullen or Webb test
Hardboard, plate-finished, in sheets
*Insulation board, asphalt impregnated or coated, 7/16 inch and over in thickness
Paperboards, over 0.012 inches thick, for use as corrugating media (not coated, cut into shapes for boxes or other articles, decorated or ornamented in any manner, embossed, friction calendered or super-calendered, laminated by means of an adhesive substance, lined or vat-lined, plate-finished, printed, not surface stained or dyed)
Test board of a bursting strength over 60 pounds per square inch by the Mullen or Webb test

PAPER AND BOOKS—Continued

Other Paper Articles

Dart boards of paper
Decalcomanias, in ceramic colors, weighing over 100 pounds per 1,000 sheets on the basis of 20 by 30 inches
Envelopes, filled or unfilled, plain, of writing paper, under 110 square inches in area
Napkins made of crepe paper, plain or printed (but not lithographed), and packed in bulk
Seat sets, toilet, chief value pulp
Thimbles, extraction, chief value pulp

SUNDRIES

Cameras and Photographic Supplies

Camera accessories in chief value of metal, consisting of lens hoods, holding arms, neck chains, lens caps, tripods, clips for cameras, close-up focussing attachments, extension tubes for close-up photography, adapters for auxiliary lenses, or trigger handles
Cameras and parts, photographic, lens not chief value, folding type, valued under $10 each, and not including motion-picture or box type (set focus)
Cameras, lens chief value, parts of (other than photographic lenses imported separately)
Cameras, photographic, fixed focus, box type, of which the lens is not the component of chief value, and other than those specially constructed for use in aerial surveying
Cameras, photographic, lens not chief value, other than motion-picture, not box type (set focus), and valued at $10 or more each
Cases, camera, leather, (other than reptile)
Film, motion-picture, sensitized, not exposed or developed, less than one inch in width
Film, photographic, cartridge or roll, (except motion-picture film one inch or more wide) sensitized, but not exposed or developed
Films, photographic (except motion-picture film one inch or more wide), sensitized, but not exposed or developed, and other than cartridge, roll, or x-ray film, but including film packs
Films, photographic, x-ray, sensitized, but not exposed or developed
Meters, exposure
Plates, photographic, dry
Range finders to be used with photographic cameras

Furs and Manufactures

Bodies, coat, unfinished, made of lamb fur pieces
Fur, coney or rabbit, dressed, not dyed
Fur, moleskins, dyed
Furs, hatters', or furs not on the skin, prepared for hatters' use, including fur skins, carroted
Plates, fur, made of ermine pieces, dressed, undyed
Plates, fur, made of mink pieces, dressed, undyed

Leather and Manufactures

Helmets, crash, wholly or in chief value of leather other than reptile, (of the type used predominately by motor-cyclists and racing car drivers)
Leather, made from hides or skins of cattle of the bovine species, other than calf or kip, processed by graining
Leather, patent, imitation, made of polyvinyl chloride

SUNDRIES—Continued

Leather and Manufactures—Continued

Leather, shell-cordovan, made from hides of animals of the horse family
Leather, sole, (other than flexible bend splits and offal), made from hides or skins of cattle of the bovine species
Leather, upper, calf or kip, made from hides or skins of cattle of the bovine species

Miscellaneous Articles

Brushes, toilet, not including tooth brushes, valued over 40 cents each, and having handles or backs of material other than cellulose compounds, and other than gold, silver, or platinum
Construction sets, toy, wholly or in chief value of metal, valued 30 cents or more per pound, and other than model airplane construction sets in chief value of metal valued at 75 cents or more each
Extract, seaweed, manufactured
Fiber, istle or Tampico, dressed or manufactured
*Flasks, vacuum, finished, (thermostatic bottles) not over one pint capacity
Insulating articles and products, electrical, high density, not laminated, composed of wood flour and having a synthetic resin or resin-like substance as chief binding agent
Leads, pencil, colored or crayon
Paper or cloth, or combinations thereof, coated with sand, emery, or other natural or artificial abrasives
Pencils, lead or crayon, of wood or other material except metal
Pencils, wood, stamped with names other than the manufacturer's name, trade name or trade mark
Plumes, chief value of feathers
Polyisobutylene
Powder, ficin
Spangles, gelatin
Spangles, rhodoid
Waste, mustard bran
Wax, sealing

Musical Instruments or Articles

Bassoons
Carillons, containing not more than 34 bells, and parts thereof
Metronomes
Music boxes, in the form of a feathered bird in a cage
Pianos, upright, non-player type, having 64 keys (5 1/3 octaves)

Ornamented or Embroidered Fabrics and Articles, and Laces, Nets, and Veilings

Fabrics, embroidered, wholly or in chief value of wool
Gloves, composed of 15 denier sheer knit nylon fabric and in part of all-overs, edgings, flouncings, flutings, fringes, galloons, insertings, ornaments, quillings, ruchings, trimmings, or tuckings
Gloves, embroidered (whether or not the embroidery is on a scalloped edge), tamboured, appliqued, ornamented with beads, bugles, or spangles, or from which threads have been omitted, drawn, punched, or cut, and with threads introduced after weaving to finish or ornament the open work, not including one row of straight hemstitching adjoining the hem, composed of 15 denier sheer knit nylon fabric

SUNDRIES—Continued

Ornamented or Embroidered Fabrics and Articles, and Laces, Nets, and Veilings—Continued

Laces, lace fabrics and lace articles, wholly or in chief value of wool (except veils and veilings) made on a leyers (including go-through) lace machine (whether or not embroidered and whether or not made full gauge on a machine of 12 point or finer)

Napkins, of cotton, in chief value of lace made in designs or patterns formed wholly by joining machine made materials by handwork

Nets and nettings, wholly or in chief value of silk, not embroidered, made on other than a bobbinet machine

Tablecloths, of cotton, in chief value of lace made in designs or patterns formed wholly by joining machine made materials by handwork

Trimmings, in part of cotton, chief value of beads

Veilings, dyed or colored, wholly or in chief value of rayon or other synthetic textiles, made on any lace or net machine, whether or not embroidered, in bolt length, suitable for cutting to veil size

Veilings, dyed or colored, wholly or in chief value of silk, made on any lace or net machine, whether or not embroidered, in bolt length suitable for cutting to veil size

Rubber Articles

Boots, shoes, or other footwear (including athletic or sporting boots and shoes but not including footwear commonly known as "Tabi" or "Jikatabi"), the uppers of which are composed wholly or in chief value of wool, cotton, ramie, animal hair, fiber, rayon or other synthetic textile, silk or substitutes for any of the foregoing, with soles composed wholly or in chief value of India rubber or substitutes for rubber

Boots, shoes, overshoes, or other footwear, wholly or in chief value of India rubber or substitutes for rubber

Catheters, wholly or in chief value of rubber

Combs, hard rubber, household and pocket type, valued over $4.50 per gross

Gloves, rubber

SUNDRIES—Continued

Rubber Articles—Continued

Hose and tubing, polyethylene or polyvinyl chloride, having an inside diameter of less than ⅜ inch

Hose and tubing, rubber, not made of hard rubber, having at no point an inside diameter of less than ⅜ inch

Insulating material, rigid, in sheet or board form, chief value rubber

Matting, rubber, floor, corrugated, in rolls

Packing, rubber, in sheets

Powder, rubber, chlorinated

Rubber, synthetic

Sheeting, rubber, designed for use in facing table tennis paddles

Suits, rubber, designed for underwater use

Tires and tubes, pneumatic, wholly or in chief value of rubber or substitutes for rubber, except bicycle tires and tubes

Tissue, gutta percha

Sporting and Fishing Equipment

Balls, lawn-tennis

Balls, table tennis

Bands, wholly or in chief value of rubber, suitable for underwater fishing guns

Fins, swim, composed wholly or in chief value of rubber

Floats, cork, for fish nets

Floats, trawl, aluminum

Frames, tennis racket, wood chief value, not in part of bamboo, osier or willow, or rattan, valued over $3 each

Guns, fishing, underwater

Leaders, fishing, knotless, tapered, made of synthetic monofilament

Line, fishing, nylon

Shinguards, soccer

Spoons, fishing

Sticks, field hockey

Sticks, ice-hockey, wholly or in chief value of wood

Swivels, fishing

Tees, golf, brass

A. Gilmore Flues,
Acting Secretary of the Treasury.

Appendix F. Articles Designated in the Tariff Schedules of the United States (TSUS) Subject to American-Selling-Price Valuation

1. Benzenoid chemicals:

a. TSUS headnote 4, part 1, schedule 4. The ad valorem rates provided in this part shall be based upon the American selling price, as defined in section 402 or 402a of this Act, of any similar competitive article manufactured or produced in the United States. If there is no similar competitive article manufactured or produced in the United States then the ad valorem rate shall be based upon the United States value, as defined in the said section 402 or 402a.

b. TSUS headnote 5, part 1, schedule 4. For the purposes of this part, any product provided for in this part shall be considered similar to, or competitive with, any imported product which accomplishes results substantially equal to those accomplished by the domestic product when used in substantially the same manner.

c. Articles listed in part 1, schedule 4, TSUS, that are subject to ad valorem rates

Item	Articles
	Subpart B. - Industrial Organic Chemicals
	Cyclic organic chemical products in any physical form having a benzenoid, quinoid, or modified benzenoid structure, not provided for in subpart A or C of this part:
403.02	Anthracene having a purity of 30% or more by weight
403.04	Carbazole having a purity of 65% or more by weight
403.06	Naphthalene which after the removal of all water present has a solidifying point of 79°C. or above
403.08	Phthalic anhydride
403.10	Styrene
	All distillates of coal tar, blast-furnace tar, oil-gas tar, and water-gas tar, which on being subjected to distillation yield in the portion distilling below 190°C. a quantity of tar acids equal to or more than 5% by weight of the original distillate or which on being subjected to distillation yield in the portion distilling below 215°C. a quantity of tar acids equal to or more than 75% by weight of the original distillate:
403.40	Phenol (Carbolic acid) which on being subjected to distillation yields in the portion distilling below 190°C. a quantity of tar acids equal to or more than 5% by weight of the original distillate

Item	Articles
403.42	Cresylic acid which on being subjected to distillation yields in the portion distilling below 215°C. a quantity of tar acids equal to or more than 75% by weight of the original distillate
403.44	Metacresol, orthocresol, paracresol, and metaparacresol, all the foregoing having a purity of 75% or more by weight
403.46	Other
	Cyclic organic chemical products, etc. (con.):
403.48	2-Acetamido-3-chloroanthraquinone;
	o-Acetoacetanisidide;
	o-Acetoacetotoluidide;
	2',4'-Acetoacetoxylidide;
	3'-Aminoacetophenone;
	1-Amino-5-benzamidoanthraquinone;
	o-Anisidine;
	p-Anisidine;
	6-Chloro-m-cresol [OH=1];
	m-Diethylaminophenol;
	4-Chloro-2,5-dimethoxyaniline [NH_2=1];
	1,8-Dihydroxy-4,5-dinitroanthraquinone;
	2,4-Dimethoxyaniline;
	3-Ethylamino-p-cresol;
	Iminodianthraquinone;
	5-Methoxy-m-phenylenediamine;
	N-Methylaniline;
	dl-Phenylephrine base;
	Phenylsulfone;
	2-Pyridinecarboxaldehyde;
	Sodium tetraphenylboron;
	2,4,6-Trimethylaniline (mesidine); and
	Vinylcarbazole, mono
403.50	p-Aminobenzoic acid;
	7-Amino-1,3-naphthalenedisulfonic acid and its salts;
	5-Amino-2-naphthalenesulfonic acid and its salts;
	8-Amino-1-naphthalenesulfonic acid and its salts;
	8-Amino-2-naphthalenesulfonic acid and its salts;
	6-Amino-1-naphthol-3-sulfonic acid and its salts;
	8-Amino-1-naphthol-5-sulfonic acid and its salts;
	4-Amino-2-stilbenesulfonic acid and its salts;
	Biligrafin acid;
	3,5-Diacetamido-2,4,6-triiodobenzoic acid;
	2,3-Dichloro-1,4-naphthoquinone;
	m-Dimethylaminophenol;
	Gentisic acid;
	p-Hydroxybenzoic acid;
	1-Hydroxy-2-carbazolecarboxylic acid;
	Hydroxycinnamic acid and its salts;
	2-Hydroxy-3-dibenzofurancarboxylic acid;
	2-Naphthol-3,6-disulfonic acid and its salts;
	7-Nitronaphth[1,2]oxadiazole-5-sulfonic acid and its salts;
	p-Nitrotoluene;
	p-Phenetidine;
	m-Phenylenediamine;
	o-Phenylenediamine;
	N-Phenyl-2-naphthylamine;
	2,4,4',5'-Tetrachlorophenylsulfone;
	Toluene-2,4-diamine;
	o-Toluenesulfonamide; and
	2,4-Xylidine
403.60	Other

Item	Articles
	All other products, by whatever name known, not provided for in subpart A or C of this part, including acyclic organic chemical products, which are obtained, derived, or manufactured in whole or in part from any of the cyclic products having a benzenoid, quinoid, or modified benzenoid structure provided for in the foregoing provisions of this subpart or in subpart A of this part:
403.70	Caprolactam monomer
403.75	Hexamethylene adipamide
403.78	Methylcyclohexanone
403.80	Other
403.90	Mixtures in whole or in part of any of the products provided for in this subpart

Subpart C. - Finished Organic Chemical Products

	Products obtained, derived, or manufactured in whole or in part from any product provided for in subpart A or B of this part:
405.05	Explosives
405.10	Ink powders
405.15	Pesticides
405.20	Photographic chemicals
405.25	Plastics materials
405.30	Products chiefly used as assistants in preparing or finishing textiles
405.35	Products (except those in item 405.30) chiefly used for any one or combination of the following purposes: as detergents, wetting agents, emulsifiers, dispersants, or foaming agents
405.40	Products chiefly used as plasticizers
405.45	Sodium benzoate
405.55	Synthetic tanning materials

Item	Articles
	Colors, dyes, stains, and related products:
406.02	Sulfur black, "Colour Index Nos. 53185, 53190, and 53195"
406.04	Vat blue 1 (synthetic indigo), "Colour Index No. 73000"
406.10	Acid black 31, 50, 94, 129; acid blue 45, 54, 106, 127, 129, 143; acid brown 44, 46, 48, 58, 188, 189; acid green 40; acid red 130, 145, 174, 211; acid violet 19, 31, 41, 48; acid yellow 2, 75, 116; basic blue 3; basic orange 22; basic red 13, 14; basic yellow 1, 11, 13; direct black 62, 91; direct blue 86, 92, 106, 108, 109, 160, 172; direct brown 103, 115, 116; direct green 5, 29, 31; direct orange 37; direct red 83; direct yellow 28; disperse blue 30; disperse red 4; fluorescent brightening agent 18, 24, 32; ingrain blue 2; mordant black 8; mordant green 47; mordant red 17, 27; reactive black 1; reactive blue 1, 2, 4; reactive orange 1; reactive red 1, 2, 3, 5, 6; reactive yellow 1; solvent orange 11; solvent yellow 25; vat blue 2; vat brown 3; vat orange 2, 7; vat red 44; vat violet 9, 13; vat solubilized orange 3; and vat yellow 4, 20; all the foregoing obtained, derived, or manufactured in whole or in part from any product provided for in subpart A or B of this part
406.50	Colors, dyes, and stains (except toners), whether soluble or not in water, obtained, derived, or manufactured in whole or in part from any product provided for in subpart A or B of this part
406.60	Natural alizarin and natural indigo; colors, dyes, and stains (except toners), whether soluble or not in water, obtained, derived, or manufactured in whole or in part from natural alizarin or natural indigo; color acids, color bases, indoxyl, indoxyl compounds, and leuco-compounds (whether colorless or not), obtained, derived, or manufactured in whole or in part from natural alizarin, natural indigo, or any product provided for in subpart A or B of this part
406.70	Color lakes and toners, obtained, derived, or manufactured in whole or in part from natural alizarin, natural indigo, or any product provided for in subpart A or B of this part.
406.80	Fast color bases, fast color salts, and Naphthol AS and its derivatives.

Item	Articles
	Products suitable for medicinal use, and drugs: Obtained, derived, or manufactured in whole or in part from any product provided for in subpart A or B of this part:
	Products suitable for medicinal use:
407.02	Acetanilide
407.04	Benzaldehyde
407.06	Benzoic acid
407.08	2-Naphthol (Beta-naphthol)
407.10	Resorcinol
407.12	Salicylic acid and its salts
	Drugs:
407.20	Acetphenetidine (Phenacetin)
407.25	Acetylsalicylic acid (Aspirin)
407.30	Antipyrine
407.32	5-Chloro-7-iodo-8-quinolinol and 2 [1-(p-chlorophenyl)-3-dimethylaminopropyl]pyridine maleate
407.35	Diethylaminoacetoxylidide (Xylocaine)
407.40	5-Ethyl-5-phenylhexahydropyrimidine-4,6-dione
	Hydantoin derivatives:
407.45	Methylphenethylhydantoin
407.50	Other
	Imidazoline derivatives:
407.55	2-Benzyl-4,5-imidazoline hydrochloride
407.60	Phenylbenzylaminoethylimidazoline hydrochloride
407.70	Other
407.72	Phenylephrine hydrochloride; sulfadiazine; sulfaguanidine; sulfamerazine; sulfamethazine; sulfapyridine; and salicylazosulfapyridine
407.75	Phenolphthalein
407.80	Salol
407.85	Other
	Drugs, from whatever source obtained, produced, or manufactured:
407.90	Guaiacol and its derivatives

Item	Articles
	Aromatic or odoriferous compounds including flavors, not marketable as cosmetics, perfumery, or toilet preparations, and not mixed, and not containing alcohol:
	Obtained, derived, or manufactured in whole or in part from any product provided for in subpart A or B of this part:
408.05	Benzyl acetate
408.10	Benzyl benzoate
408.15	Diphenyl oxide
408.20	Heliotropin
408.25	Methyl anthranilate
408.30	Musk, artificial
408.35	Phenylacetaldehyde
408.40	Phenethyl alcohol
408.45	Saccharin
408.60	Other compounds
	From whatever source obtained, derived, or manufactured:
408.70	Coumarin
408.75	Methyl salicylate
408.80	Vanillin
409.00	Mixtures in whole or in part of any of the products provided for in this subpart

b. Articles designated by headnote 3(b), part 1A, schedule 7, TSUS, as amended:

Item	Articles
	Footwear (whether or not described elsewhere in this subpart) which is over 50 percent by weight of rubber or plastics or over 50 percent by weight of fibers and rubber or plastics with at least 10 percent by weight being rubber or plastics:
	Hunting boots, galoshes, rainwear, and other footwear designed to be worn over, or in lieu of, other footwear as a protection against water, oil, grease, or chemicals or cold or inclement weather, all the foregoing having soles and uppers of which over 90 percent of the exterior surface area is rubber or plastics (except footwear with uppers of nonmolded construction formed by sewing the parts thereof together and having exposed on the outer surface a substantial portion of functional stitching):
700.51	Having soles and uppers of which over 90 cent of the exterior surface area is polyvinyl chloride, whether or not supported or lined with polyvinyl chloride but not otherwise supported or lined
700.52	Footwear (except footwear provided for in item 700.51), the uppers of which do not extend above the ankle, designed for use without closures, whether or not supported or lined
700.53	Other
	Other footwear (except footwear having uppers of which over 50 percent of the exterior surface area is leather):
700.55	Having uppers of which over 90 percent of the exterior surface area is rubber or plastics (except footwear having foxing or a foxing-like band applied or molded at the sole and overlapping the upper)
700.60	Other

2. Canned clams and related products:

a. TSUS headnote 1, part 3E, schedule 1. Subject to the provisions of section 336(f) of this Act, the merchandise provided for in item 114.05 shall be subject to duty upon the basis of the American selling price of like or similar articles produced in the United States.

b. Articles designated by headnote 1, part 3E, schedule 1, TSUS:

Item	Articles
	Shellfish, fresh, chilled, frozen, prepared, or preserved (including pastes and sauces):
	Clams:
	In airtight containers:
114.01	Razor clams (*Siliqua patula*)
114.05	Other

3. Rubber-soled fabric-upper footwear:

a. TSUS headnote 3(b), part 1A, schedule 7, as amended. Subject to the provisions of section 336(f) of this Act, the merchandise in item 700.60 shall be subject to duty upon the basis of the American selling price, as defined in section 402 or 402a of this Act, of like or similar articles manufactured or produced in the United States.

4. Wool knit gloves:

a. TSUS headnote 4, part 1C, schedule 7. Subject to the provisions of section 336(f) of this Act, the merchandise provided for in item 704.55 shall be subject to duty upon the basis of the American selling price, as defined in section 402 or 402a of this Act, of like or similar articles manufactured or produced in the United States.

b. Articles designated by headnote 4, part 1C, schedule 7, TSUS:

Item	Articles
	Gloves and glove linings, of textile materials:
	Gloves not of lace or net and not ornamented, and glove linings:
	Of wool:
	Gloves:
	Valued not over $1.75 per dozen pairs:
704.55	Knit

Appendix G. Administrative Provisions of the Tariff Act of 1930, as amended, Relating to Valuation

SEC. 481. INVOICE--CONTENTS.

(a) In General.-- All invoices of merchandise to be imported into the United States shall set forth--

(1) The port of entry to which the merchandise is destined;

(2) The time when, the place where, and the person by whom and the person to whom the merchandise is sold or agreed to be sold, or if to be imported otherwise than in pursuance of a purchase, the place from which shipped, the time when and the person to whom and the person by whom it is shipped;

(3) A detailed description of the merchandise, including the name by which each item is known, the grade or quality, and the marks, numbers, or symbols under which sold by the seller or manufacturer to the trade in the country of exportation, together with the marks and numbers of the packages in which the merchandise is packed;

(4) The quantities in the weights and measures of the country or place from which the merchandise is shipped, or in the weights and measures of the United States;

(5) The purchase price of each item in the currency of the purchase, if the merchandise is shipped in pursuance of a purchase or an agreement to purchase;

(6) If the merchandise is shipped otherwise than in pursuance of a purchase or an agreement to purchase, the value for each item, in the currency in which the transactions are usually made, or, in the absence of such value, the price in such currency that the manufacturer, seller, shipper, or owner would have received, or was willing to receive, for such merchandise if sold in the ordinary course of trade and in the usual wholesale quantities in the country of exportation;

(7) The kind of currency, whether gold, silver, or paper;

(8) All charges upon the merchandise, itemized by name and amount when known to the seller or shipper; or all charges by name (including commissions, insurance, freight, cases, containers, coverings, and cost of packing) included in the invoice prices when the amounts for such charges are unknown to the seller or shipper;

(9) All rebates, drawbacks, and bounties, separately itemized, allowed upon the exportation of the merchandise; and

(10) Any other facts deemed necessary to a proper appraisement, examination, and classification of the merchandise that the Secretary of the Treasury may require.

(b) Shipments Not Purchased and Not Shipped by Manufacturer.-- If the merchandise is shipped to a person in the United States by a person other than the manufacturer, otherwise than by purchase, such person shall state on the invoice the time when, the place where, the person from whom such merchandise was purchased, and the price paid therefor in the currency of the purchase, stating whether gold, silver, or paper.

(c) Purchases in Different Consular Districts.-- When the merchandise has been purchased in different consular districts for shipment to the United States and is assembled for shipment and embraced in a single invoice which is produced for certification under the provisions of paragraph (2) of subdivision (a) of section 482 of this Act, the invoice shall have attached thereto the original bills or invoices received by the shipper, or extracts therefrom, showing the actual prices paid or to be paid for such merchandise. The consular officer to whom the invoice is so produced for certification may require that any such original bill or invoice be certified by the consular officer for the district in which the merchandise was purchased.

(d) Exceptions by Regulations.-- The Secretary of the Treasury may by regulations provide for such exceptions from the requirements of this section as he deems advisable.

SEC. 482. CERTIFIED INVOICE.

(a) Certification in General.-- Every invoice required pursuant to section 484(b) of this Act to be certified shall, at or before the time of the shipment of the merchandise, or as soon thereafter as the conditions will permit, be produced for certification to the consular officer of the United States--

(1) For the consular district in which the merchandise was manufactured, or purchased, or from which it was to be delivered pursuant to contract;

(2) For the consular district in which the merchandise is assembled and repacked for shipment to the United States, if it has been purchased in different consular districts.

(b) Declaration.-- Such invoices shall have indorsed thereon, when so produced, a verified declaration, in a form prescribed by the Secretary of the Treasury, stating whether the merchandise is sold or agreed to be sold, or whether it is shipped otherwise than in pursuance of a purchase or an agreement to purchase, that there is no other invoice differing from the invoice so produced, and that all the statements contained in such invoice and in such declaration are true and correct.

(c) Making and Signing.-- Every certified invoice shall be made out in triplicate, or, for merchandise intended for immediate transportation under the provisions of section 552 of this Act, in quadruplicate, if desired by the shipper, and shall be signed by the

seller or shipper, or the agent of either; but a person who has no interest in the merchandise except as broker or forwarder shall not be competent to sign any such invoice. Where any such invoice is signed by an agent, he shall state thereon the name of his principal.

(d) Certified Under Existing Law.-- Such invoices shall be certified in accordance with the provisions of existing law.

(e) Disposition.-- The original of the invoice and, if made, the quadruplicate shall be delivered to the exporter, to be forwarded to the consignee for use in making entry of the merchandise, and the triplicate shall be promptly transmitted by the consular officer to the appropriate customs officer at the port of entry named in the invoice. The duplicate shall be filed in the office of the consular officer by whom the invoice was certified, to be there kept until no longer needed in conducting the current business of the consular office, at which time it may be disposed of as provided by law.

(f) Certification by Others than American Consul.-- When merchandise is to be shipped from a place so remote from an American consulate as to render impracticable certification of the invoice by an American consular officer, such invoice may be certified by a consular officer of a nation at the time in amity with the United States, or if there be no such consular officer available such invoice shall be executed before a notary public or other officer having authority to administer oaths and having an official seal: Provided, That invoices for merchandise shipped to the United States from the Virgin Islands, American Samoa, the island of Guam, or the Canal Zone may be certified by the appropriate customs officer.

(g) Effective Date.-- This section shall take effect sixty days after the date of enactment of this Act.

SEC. 484. ENTRY OF MERCHANDISE.

(a) Requirement and Time.-- Except as provided in sections 490, 498, 552, and 553 and in subdivision (j) of section 336 of this Act, and in subdivisions (h) and (i) of this section, the consignee of imported merchandise shall make entry therefor either in person or by an agent authorized by him in writing under such regulations as the Secretary of the Treasury may prescribe. Such entry shall be made at the customhouse within five days, exclusive of Sundays and holidays, after the entry of the importing vessel or report of the vehicle, or after the arrival at the port of destination in the case of merchandise transported in bond, unless the appropriate customs officer authorizes in writing a longer time.

(b) Production of Certified Invoice.-- The Secretary of the Treasury shall provide by regulation for the production of a certified invoice with respect to such merchandise as he deems advisable and for the terms and conditions under which such merchandise may be permitted entry under the provisions of this section without the production of a certified invoice.

(c) Production of Bill of Lading.-- The consignee shall produce the bill of lading at the time of making entry, except that--

(1) If the appropriate customs officer is satisfied that no bill of lading has been issued, the shipping receipt or other evidence satisfactory to such customs officer may be accepted in lieu thereof;

(2) The appropriate customs officer is authorized to permit entry and to release merchandise from customs custody without the production of the bill of lading if the person making such entry gives a bond satisfactory to such customs officer, in a sum equal to not less than one and one-half times the invoice value of the merchandise, to produce such bill of lading, to relieve such customs officer of all liability, to indemnify such customs officer against loss, to defend every action brought upon a claim for loss or damage, by reason of such release from customs custody or a failure to produce such bill of lading and to entitle any person injured by reason of such release from customs custody to sue on such bond in his own name, without making such customs officer a party thereto. Any person so injured by such release may sue on such bond to recover any damages so sustained by him; and

(3) The provisions of this subdivision shall not apply in the case of an entry under subdivision (h) or (i) of this section (relating to entry on carrier's certificate and on duplicate bill of lading, respectively).

(d) Signing and Contents.-- Such entry shall be signed by the consignee, or his agent, and shall set forth such facts in regard to the importation as the Secretary of the Treasury may require for the purpose of assessing duties and to secure a proper examination, inspection, appraisement, and liquidation, and shall be accompanied by such invoices, bills of lading, certificates, and documents as are required by law and regulations promulgated thereunder.

(e) Statistical Enumeration.-- The Secretary of the Treasury, the Secretary of Commerce, and the Chairman of the United States Tariff Commission are authorized and directed to establish from time to time for statistical purposes an enumeration of articles in such detail as in their judgment may be necessary, comprehending all merchandise imported into the United States, and as a part of the entry there shall be attached thereto or included therein an accurate statement specifying, in terms of such detailed enumeration, the kinds and quantities of all merchandise imported and the value of the total quantity of each kind of article.

* * * * * *

(g) Statement of Cost of Production.-- Under such regulations as the Secretary of the Treasury may prescribe, the appropriate customs officer or the appraiser may require a verified statement from the manufacturer or producer showing the cost of production of the imported merchandise, when necessary to the appraisement of such merchandise.

SEC. 485. DECLARATION.

(a) Requirement--Form and Contents.-- Every consignee making an entry under the provisions of section 484 of this Act shall make and file therewith, in a form to be prescribed by the Secretary of the Treasury, a declaration under oath, stating--

(1) Whether the merchandise is imported in pursuance of a purchase or an agreement to purchase, or whether it is imported otherwise than in pursuance of a purchase or agreement to purchase;

(2) That the prices set forth in the invoice are true, in the case of merchandise purchased or agreed to be purchased; or in the case of merchandise secured otherwise than by purchase or agreement to purchase, that the statements in such invoice as to value or price are true to the best of his knowledge and belief;

(3) That all other statements in the invoice or other documents filed with the entry, or in the entry itself, are true and correct; and

* * * * * *

(e) Separate Forms for Purchase and Nonpurchase Importations.-- The Secretary of the Treasury shall prescribe separate forms for the declaration in the case of merchandise which is imported in pursuance of a purchase or agreement to purchase and merchandise which is imported otherwise than in pursuance of a purchase or agreement to purchase.

* * * * * *

SEC. 500. APPRAISEMENT, CLASSIFICATION, AND LIQUIDATION PROCEDURES.

The appropriate customs officer shall, under rules and regulations prescribed by the Secretary--

(a) appraise merchandise in the unit of quantity in which the merchandise is usually bought and sold by ascertaining or estimating the value thereof by all reasonable ways and means in his power, any statement of cost or costs of production in any invoice, affidavit, declaration, or other document to the contrary notwithstanding;

(b) ascertain the classification and rate of duty applicable to such merchandise;

(c) fix the amount of duty to be paid on such merchandise and determine any increased or additional duties due or any excess of duties deposited;

(d) liquidate the entry of such merchandise; and

(e) give notice of such liquidation to the importer, his consignee, or agent in such form and manner as the Secretary shall prescribe in such regulations.

SEC. 501. VOLUNTARY RELIQUIDATIONS.

A liquidation made in accordance with section 500 or any reliquidation thereof made in accordance with this section may be reliquidated in any respect by the appropriate customs officer on his own initiative, notwithstanding the filing of a protest, within ninety days from the date on which notice of the original liquidation is given to the importer, his consignee or agent. Notice of such reliquidation shall be given in the manner prescribed with respect to original liquidations under section 500(e).

SEC. 502. REGULATIONS FOR APPRAISEMENT AND CLASSIFICATION.

(a) Powers of Secretary of the Treasury.-- The Secretary of the Treasury shall establish and promulgate such rules and regulations not inconsistent with the law, and may disseminate such information as may be necessary to secure a just, impartial, and uniform appraisement of imported merchandise and the classification and assessment of duties thereon at the various ports of entry, and may direct any customs officer to go from one port of entry to another for the purpose of appraising or assisting in appraising merchandise imported at such port.

(b) Reversal of Secretary's Rulings.-- No ruling or decision once made by the Secretary of the Treasury, giving construction to any law imposing customs duties, shall be reversed or modified adversely to the United States, by the same or a succeeding Secretary, except in concurrence with an opinion of the Attorney General recommending the same, or a final decision of the United States Customs Court.

(c) Duties of Customs Officers.-- It shall be the duty of all officers of the customs to execute and carry into effect all instructions of the Secretary of the Treasury relative to the execution of the revenue laws; and in case any difficulty arises as to the true construction or meaning of any part of the revenue laws, the decision of the Secretary shall be binding upon all officers of the customs.

SEC. 503. DUTIABLE VALUE.

Except as provided in section 520(c) (relating to reliquidations on the basis of authorized corrections of errors) or section 562 (relating to withdrawal from manipulating warehouses) of this Act, the basis for the assessment of duties on imported merchandise subject to ad valorem rates of duty or rates based upon or regulated in any manner by the value of the merchandise, shall be the appraised value determined upon liquidation, in accordance with section 500 or any adjustment thereof made pursuant to section 501 of the Tariff Act: Provided, however, That if reliquidation is required pursuant to a final judgment or order of the United States Customs Court which includes a reappraisement of imported merchandise, the basis for such assessment shall be the final appraised value determined by such court.

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SEC. 509. EXAMINATION OF IMPORTER AND OTHERS.

Appropriate customs officers may cite to appear before them or any of them and to examine upon oath, which said officers or any of them are hereby authorized to administer, any owner, importer consignee, agent, or other person upon any matter or thing which they, or any of them, may deem material respecting any imported merchandise then under consideration or previously imported within one year, in ascertaining the classification or the value thereof or the rate or amount of duty; and they, or any of them, may require the production of any letters, accounts, contracts, invoices, or other documents relating to said merchandise, and may require such testimony to be reduced to writing, and when so taken it shall be filed and preserved, under such rules as the United States Customs Court may prescribe, and such evidence may be given consideration in subsequent proceedings relating to such merchandise.

SEC. 510. PENALTIES FOR REFUSAL TO GIVE TESTIMONY.

If any person so cited to appear shall neglect or refuse to attend, or shall decline to answer, or shall refuse to answer in writing any interrogatories, and subscribe his name to his deposition, or to produce such papers when so required by a judge of the United States Customs Court, or an appropriate customs officer, he shall be liable to a penalty of not less than $20 nor more than $500; and if such person be the owner, importer, or consignee, the appraisement last made of such merchandise, whether made by an appropriate customs officer, or a judge of the United States Customs Court, shall be final and conclusive against such person; and any person who shall willfully and corruptly swear falsely on an examination before any judge of the United States Customs Court, or appraiser or collector, shall be deemed guilty of perjury; and if he is the owner, importer, or consignee, the merchandise shall be forfeited or the value thereof may be recovered from him.

SEC. 511. INSPECTION OF IMPORTER'S BOOKS.

If any person importing merchandise into the United States or dealing in imported merchandise fails, at the request of the Secretary of the Treasury, or an appropriate customs officer, or the United States Customs Court, or a judge of such court, as the case may be, to permit a duly accredited officer of the United States to inspect his books, papers, records, accounts, documents, or correspondence, pertaining to the value or classification of such merchandise, then while such failure continues the Secretary of the Treasury, under regulations prescribed by him, (1) shall prohibit the importation of merchandise into the United States by or for the account of such person, and (2) shall instruct customs officers to withhold delivery of merchandise imported by or for the account of such person. If such failure continues for a period of one year from the date of such instructions the appropriate customs officer shall cause the merchandise, unless previously exported, to be sold at public auction as in the case of forfeited merchandise.

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SEC. 514. FINALITY OF DECISIONS; PROTESTS.

(a) Finality of Decisions.-- Except as provided in section 501 (relating to voluntary reliquidations), section 516 (relating to petitions by American manufacturers, producers, and wholesalers), section 520 (relating to refunds and errors), and section 521 (relating to reliquidations on account of fraud) of this Act, decisions of the appropriate customs officer, including the legality of all orders and findings entering into the same, as to --

(1) the appraised value of merchandise;

(2) the classification and rate and amount of duties chargeable;

(3) all charges or exactions of whatever character within the jurisdiction of the Secretary of the Treasury;

(4) the exclusion of merchandise from entry or delivery under any provision of the customs laws;

(5) the liquidation or reliquidation of an entry, or any modification thereof;

(6) the refusal to pay a claim for drawback; and

(7) the refusal to reliquidate an entry under section 520(c) of this Act,

shall be final and conclusive upon all persons (including the United States and any officer thereof) unless a protest is filed in accordance with this section, or unless a civil action contesting the denial of a protest, in whole or in part, is commenced in the United States Customs Court in accordance with section 2632 of title 28 of the United States Code within the time prescribed by section 2631 of that title. When a judgment or order of the United States Customs Court has become final, the papers transmitted shall be returned, together with a copy of the judgment or order to the appropriate customs officer, who shall take action accordingly.

(b) Protests.--

(1) In General.-- A protest of a decision under subsection (a) shall be filed in writing with the appropriate customs officer designated in regulations prescribed by the Secretary, setting forth distinctly and specifically each decision described in subsection (a) as to which protest is made; each category of merchandise affected by each such decision as to which protest is made; and the nature of each objection and reasons therefor. Only one protest may be filed for each entry of merchandise,

except that where the entry covers merchandise of different categories, a separate protest may be filed for each category. In addition, separate protests filed by different authorized persons with respect to any one category of merchandise that is the subject of a protest are deemed to be part of a single protest. A protest may be amended, under regulations prescribed by the Secretary, to set forth objections as to a decision or decisions described in subsection (a) which were not the subject of the original protest, in the form and manner prescribed for a protest, any time prior to the expiration of the time in which such protest could have been filed under this section. New grounds in support of objections raised by a valid protest or amendment thereto may be presented for consideration in connection with the review of such protest pursuant to section 515 of this Act at any time prior to the disposition of the protest in accordance with that section. Except as otherwise provided in section 557(b) of this Act, protests may be filed by the importer, consignee, or any authorized agent of the person paying any charge or exaction, or filing any claim for drawback, or seeking entry or delivery, with respect to merchandise which is the subject of a decision in subsection (a).

(2) Time for Filing.-- A protest of a decision, order, or finding described in subsection (a) shall be filed with such customs officer within ninety days after but not before --

(A) notice of liquidation or reliquidation, or

(B) in circumstances where subparagraph (A) is inapplicable, the date of the decision as to which protest is made.

(c) Limitation on Protest of Reliquidations.-- The reliquidation of an entry shall not open such entry so that a protest may be filed against the decision of the customs officer upon any question not involved in such reliquidation.

SEC. 515. REVIEW OF PROTESTS.

(a) Administrative Review and Modification of Decisions.-- Unless a request for an accelerated disposition of a protest is filed in accordance with subsection (b) of this section the appropriate customs officer, within two years from the date a protest was filed in accordance with section 514 of this Act, shall review the protest and shall allow or deny such protest in whole or in part. Thereafter, any duties, charge, or exaction found to have been assessed or collected in excess shall be remitted or refunded and any drawback found due shall be paid. Upon the request of the protesting party, filed within the time allowed for the filing of a protest under section 514 of this Act, a protest may be subject to further review by another appropriate customs officer, under the circumstances and in the form and manner that may be prescribed by the Secretary in regulations, but subject to the two-year limitation prescribed in the first sentence of this subsection. Notice of the denial of any protest shall be mailed in the form and manner prescribed by the Secretary.

(b) Request for Accelerated Disposition.-- A request for accelerated disposition of a protest filed in accordance with section 514 of this Act may be mailed by certified or registered mail to the appropriate customs officer any time after ninety days following the filing of such protest. For purposes of section 1582 of title 28 of the United States Code, a protest which has not been allowed or denied in whole or in part within thirty days following the date of mailing by certified or registered mail of a request for accelerated disposition shall be deemed denied on the thirtieth day following mailing of such request.

SEC. 516. PETITIONS BY AMERICAN MANUFACTURERS, PRODUCERS, OR WHOLESALERS--VALUE AND CLASSIFICATION.

(a) The Secretary shall, upon written request by an American manufacturer, producer, or wholesaler, furnish the classification, and the rate of duty, if any, imposed upon designated imported merchandise of a class or kind manufactured, produced, or sold at wholesale by him. If such manufacturer, producer, or wholesaler believes that the appraised value is too low, that the classification is not correct, or that the proper rate of duty is not being assessed, he may file a petition with the Secretary setting forth (1) a description of the merchandise, (2) the appraised value, the classification, or the rate or rates of duty that he believes proper, and (3) the reasons for his belief.

(b) If, after receipt and consideration of a petition filed by an American manufacturer, producer, or wholesaler, the Secretary decides that the appraised value of the merchandise is too low, or that the classification of the article or rate of duty assessed thereon is not correct, he shall determine the proper appraised value or classification or rate of duty, and notify the petitioner of his determination. All such merchandise entered for consumption or withdrawn from warehouse for consumption more than thirty days after the date such notice to the petitioner is published in the weekly Customs Bulletin shall be appraised or classified or assessed as to rate of duty in accordance with the Secretary's determination.

(c) If the Secretary decides that the appraised value or classification of the articles or the rate of duty with respect to which a petition was filed pursuant to subsection (a) is correct, he shall so inform the petitioner. If dissatisfied with the decision of the Secretary, the petitioner may file with the Secretary, not later than thirty days after the date of the decision, notice that he desires to contest the appraised value or classification of, or rate or duty assessed upon, the merchandise. Upon receipt of notice from the petitioner, the Secretary shall cause publication to be made of his decision as to the proper appraised value or classification or rate of duty and of the petitioner's desire to contest,

and shall thereafter furnish the petitioner with such information as to the entries and consignees of such merchandise, entered after the publication of the decision of the Secretary at such ports of entry designated by the petitioner in his notice of desire to contest, as will enable the petitioner to contest the appraised value or classification of, or rate of duty imposed upon, such merchandise in the liquidation of one such entry at such port. The Secretary shall direct the appropriate customs officer at such ports to notify the petitioner by mail immediately when the first of such entries is liquidated.

(d) Notwithstanding the filing of an action pursuant to section 2632 of title 28 of the United States Code, merchandise of the character covered by the published decision of the Secretary (when entered for consumption or withdrawn from warehouse for consumption on or before the date of publication of a decision of the United States Customs Court or of the United States Court of Customs and Patent Appeals, not in harmony with the published decision of the Secretary) shall be appraised or classified, or both, and the entries liquidated, in accordance with the decision of the Secretary and, except as otherwise provided in this chapter, the final liquidations of these entries shall be conslusive upon all parties.

(e) The consignee or his agent shall have the right to appear and to be heard as a party in interest before the United States Customs Court.

(f) If the cause of action is sustained in whole or in part by a decision of the United States Customs Court or of the United States Court of Customs and Patent Appeals, merchandise of the character covered by the published decision of the Secretary, which is entered for consumption or withdrawn from warehouse for consumption after the date of publication of the court decision, shall be subject to appraisement, classification, and assessment of duty in accordance with the final judicial decision in the action, and the liquidation of entries covering the merchandise so entered or withdrawn shall be suspended until final disposition is made of the action, whereupon the entries shall be liquidated, or if necessary, reliquidated in accordance with the final decision.

(g) Regulations shall be prescribed by the Secretary to implement the procedures required under this section.

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SEC. 522. CONVERSION OF CURRENCY.

(a) Value of Foreign Coin Proclaimed by Secretary of Treasury.-- Section 25 of the Act of August 27, 1894, entitled "An Act to reduce taxation, to provide revenue for the Government, and for other purposes", as amended, is reenacted without change as follows:

Sec. 25. That the value of foreign coin as expressed in the money of account of the United States shall be that of the pure metal of such coin of standard value; and the values of the standard coins in circulation of the various nations of the world shall be estimated quarterly by the Director of the Mint and be proclaimed by the Secretary of the Treasury quarterly on the 1st day of January, April, July, and October in each year.

(b) Proclaimed Value Basis of Conversion.-- For the purpose of the assessment and collection of duties upon merchandise imported into the United States on or after the day of the enactment of this Act, whenever it is necessary to convert foreign currency into currency of the United States, such conversion, except as provided in subdivision (c), shall be made at the values proclaimed by the Secretary of the Treasury under the provisions of section 25 of such Act of August 27, 1894, as amended, for the quarter in which the merchandise was exported.

(c) Market Rate When No Proclamation.--

(1) If no value has been proclaimed under subsection (a) for the quarter in which the merchandise was exported, or if the value so proclaimed varies by 5 per centum or more from a value measured by the buying rate at noon on the day of exportation, then conversion of the foreign currency involved shall be made--

(A) at a value measured by such buying rate, or

(B) if the Secretary of the Treasury shall by regulation so prescribe with respect to the particular foreign currency, at a value measured by the buying rate first certified under this subsection for a day in the quarter in which the day of exportation falls (but only if the buying rate at noon on the day of exportation does not vary by 5 per centum or more from such first-certified buying rate).

(2) For the purposes of this subsection the term "buying rate" means the buying rate in the New York market for cable transfers payable in the foreign currency so to be converted. Such rate shall be determined by the Federal Reserve Bank of New York and certified to the Secretary of the Treasury, who shall make it public at such times and to such extent as he deems necessary. In ascertaining such buying rate, the Federal Reserve Bank of New York may, in its discretion--

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(A) take into consideration the last ascertainable transactions and quotations, whether direct or through exchange of other currencies, and

(B) if there is no market buying rate for such cable transfers, calculate such rate (i) from actual transactions and quotations in demand or time bills of exchange, or (ii) from the last ascertainable transactions and quotations outside the United States in or for exchange payable in United States currency or other currency.

(3) For the purposes of this subsection, if the day of exportation is one on which banks are generally closed in New York City, then the buying rate at noon on the last preceding business day shall be considered the buying rate at noon on the day of exportation.

Appendix H. The U.S. Customs Valuation Standards: The Historical Perspective

Three main periods can be distinguished in the history of U.S. customs valuation: (a) 1789 to 1831, the period during which a version of "landed" value was used to determine dutiable value; (b) 1832 to 1882, during most of which time some version of a value in the country of exportation was used as the sole standard of valuation; and (c) 1883 to 1971, the period during which the prior principle of valuation, based on values in the country of exportation, was continued while a system of primary and alternative standards was developed. Although the United States has continued since 1883 to rely predominantly on market values abroad as a basis of determining dutiable value, the development of "primary" and "alternative" bases of valuation throughout this period has made the U.S. valuation method highly complex.

Before 1883 dutiable value had generally been determined as a practical means of valuation on the basis of the invoice of the purchased goods, whenever such invoice appeared to the appraisers to be complete and free from fraud. In some instances, however, such as consigned goods, no actual sales had occurred and no invoices could be produced to show the actual prices paid for the articles. This and other problems gave rise to the creation of alternative bases of valuation. The first alternative, called the "cost of production," was provided for in the Tariff Act of 1883. Appraisers were required to ascertain the cost of materials used in the imported article and the expense of manufacturing and preparing it for shipment. This estimate of costs, which was an approximation of the value in the country of exportation, was taken as dutiable value.

The Tariff Act of 1897 provided for recourse to a second alternative standard of value if the cost of production could not be established; this alternative became known as "United States value." Whereas the first alternative, the cost of production, was to be built up "from below," so that the various cost components would approximate values abroad, United States value was to approximate it "from above." Accordingly, the selling price of the same or similar product in the U.S. market was to be taken as a point of departure; profits, inter-country freight and insurance, and importing expenses were to be subtracted from such price to approximate the value in the country of origin. Therefore, by 1897 the United States had developed a valuation system which featured one primary standard (a version of foreign market value), a first alternative (cost of production) if the primary standard could not be used, and a second alternative (United States value) to be employed if neither of the other methods could be used.

(a) Export value

The valuation system used by the United States was further complicated in 1921 with the introduction of "export value"--the selling price abroad for the export to the United States--as an alternative primary standard of valuation. Henceforth, goods were to be valued at their foreign market value for home consumption or their "export value," whichever was higher. In more formal terms export value is defined as --

> the price, at the time of exportation to the United States, at which the merchandise identical with imported or similar to the imported merchandise is

> freely sold or offered for sale in the usual wholesale quantities in the principal markets of the country of exportation for export to the United States, packed ready for shipment.

The introduction of export value into the U.S. valuation system was induced by upheavals in world prices and the international monetary system following World War I. Because of post-war international monetary disturbances, export prices frequently deviated from the foreign market values. During this period, foreign market value constituted the primary basis of valuation.

The Emergency Tariff Act of 1921 provided that dutiable value should reflect either the price of the product as exported to the United States, or its price in the market of the exporting country, whichever was higher. Later, after the Customs Simplification Act of 1956 became effective, this new basis for determining dutiable value, export value, became the most important standard in the U.S. valuation system.

(b) United States value

As mentioned above, a form of "United States value" was first established in 1897 as an alternative standard of value for use when merchandise imported by the United States was not generally offered for sale abroad, and consequently had no easily discernable foreign market value. "United States value" approximated value in the exporting country--which was the primary focus for the determination of dutiable value--through deductions from the U.S. market price. The basis of "United States value" is provided more formally as follows:

> The price, at the time of exportation of the merchandise being valued, at which merchandise identical with or similar to the imported merchandise is freely sold or offered for sale in the usual wholesale quantities in the principal U.S. market, packed ready for delivery, less (a) the usual commissions or usual profit and general expenses on sales in the United States, (b) the usual cost of shipping it from the point of shipment in the foreign country to the place of delivery in the United States, and (c) all customs duties and other Federal taxes applicable by reason of importation.

For those current United States valuation systems which are utilized most frequently, "United States value" is to be used as the first alternative standard when the primary standard cannot be applied. 1/ However, when "export value" cannot be determined, the "United States value" alternative can rarely be used because the imported articles are not generally "freely sold or offered for sale" in the United States.

(c) Constructed value

The Customs Simplification Act of 1956, which amended the Tariff Act of 1930, renamed the alternative "cost of production" as "constructed value" and instituted it as the alternative to be used in the event that neither export value (primary basis) nor United States value (first alternative) could be determined. Section 402 of the Tariff Act of 1930, as amended, defines constructed value generally as:

> The sum, at a time sufficiently before the date of exportation to permit production, of the cost of producing such or similar merchandise and the usual general expenses and profit on sales of such merchandise made in the country of exportation, in the usual wholesale quantities, for export to the United States, packed ready for shipment.

1/ See the discussion of the six valuation "systems" outlined in the section on the United States in part I of this report.

For "constructed value," in addition to the costs of materials, fabricating and/or processing expenses, and expenses associated with readying the merchandise for shipment to the United States, an additional amount is specified as:

> An amount for general expenses and profit equal to that usually reflected in sales of merchandise of the same general class or kind as the merchandise undergoing appraisement which are made by producers in the country of exportation, in the usual wholesale quantities and in the ordinary course of trade, . . .

"Constructed value," as provided in section 402, is the counterpart of "cost of production" of section 402a. Under the latter, usual general expenses of 10 percent of the cost of labor, materials, and other production costs, as well as a minimum of 8 percent profit margin are required to be included in the determination of dutiable value.

(d) American selling price (ASP)

The ASP standard of customs valuation was first adopted by the United States with the passage of the Tariff Act of 1922. The bill, as introduced in the House of Representatives, provided that a so-called American valuation should be the basis of valuation of all imported goods. Under "American valuation," imported goods that had a "comparable and competitive" counterpart produced in the United States were to be valued on the basis of the usual wholesale selling price of the domestic article--i.e., on an ASP standard. Imported goods which did not have a domestically produced counterpart were to be valued at the equivalent of their wholesale selling price in U.S. markets. The ASP valuation method is defined more formally as follows:

> The price, at the time of exportation of the imported article to the United States, at which an article 1/ produced in the United States and packed ready for delivery is sold or offered for sale for consumption in the principal U.S. market in the usual wholesale quantities; or the price which a U.S. manufacturer would have received or was willing to receive for it when sold for consumption in the United States.

On several occasions in the preceding century, essentially the same proposal had been made unsuccessfully to the Congress either by administration officials or domestic business interests. The proponents of "American valuation" claimed that it was needed to combat extensive fraudulent undervaluation of imported goods and to equalize the amount of duty to be collected on similar articles regardless of variations in foreign market values and depreciation of foreign currencies.

As passed by the House of Representatives, the bill provided that "American valuation" would be used to value all imported articles. The Senate, however, opposed its use on such an "across-the-board" basis; it proposed instead that the existing U.S. methods of valuing imports on the basis of their value in the exporting country should be continued. Although "American valuation" was not adopted for general use, the Congress agreed that certain coal-tar (benzenoid) chemicals would be valued on the basis of the "American selling price" of the competitive domestic article. Further, the President was authorized to use the "American selling price" standard

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1/ Like, similar, or competitive article depending on the class of merchandise.

if deemed necessary in taking action under the flexible tariff provision of the 1922 Act; the latter provision authorized the President to modify rates of duty to offset differences in cost of production of specific articles in the United States and abroad. When ASP was applied, the dutiable value of the merchandise involved was to be the American selling price of the domestically produced counterpart of the imported article; if no domestic counterpart existed, the regular standards of valuation, in specified order, were to be employed.

Under the flexible tariff provisions (section 315 of the Tariff Act of 1922 and section 336 of the Tariff Act of 1930), the primary basis of valuation for an imported article could be changed under specified circumstances to ASP by proclamation of the President, after investigation and report by the Tariff Commission respecting the difference between the costs of production of the article in the United States and in the principal competing foreign country. 1/2/

The special consideration accorded benzenoid chemicals is attributable to the desire to protect the domestic "infant" chemical industry which had been stimulated by World War I. Prior to that war, the United States was nearly totally dependent on Germany for its

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1/ Under section 336 of the 1930 Act (and similarly under the 1922 Act), the President may increase or decrease a rate of duty fixed by statute, in accordance with the Commission's findings, but not to exceed 50 percent of the rate of duty. If the cost difference cannot be equalized by a rate change, the American selling price may be adopted as the basis of duty assessment. When the basis of valuation is changed to ASP, the statutory rate of duty cannot be increased but may be reduced by not more than 50 percent. Under the trade agreements legislation, the provisions of section 336 are inapplicable to any commodity on which a tariff concession is in effect pursuant to a trade agreement. In 1972 such concessions were in effect on virtually all commodities.

2/ At present, the ASP standard applies, pursuant to action under the flexible-tariff provision, to certain rubber-soled fabric-upper footwear, certain canned clams, and certain wool knit gloves.

chemical needs. Use of the ASP for assessing the duties on these imports was prescribed whenever the imports were "competitive" with similar articles produced in the United States. The ASP method of customs valuation in such circumstances was adopted for the avowed purpose of providing maximum protection without the use of overtly exorbitant rates of duty. Owing to the large number of articles as well as the volume of trade involved, the use of ASP valuation for benzenoid chemicals has been of much greater importance than that for the other commodities which are subject to ASP.

(e) Foreign value

Before 1922 the term "foreign value" rarely appeared in the U.S. statistics dealing with customs valuation. 1/ Generally, U.S. tariff acts provided that some variant of the foreign market value of imported goods, i.e., the market value for domestic consumption in the country of exportation, would be the basis of dutiable value. The dutiable value which resulted, however, was given no specific name. In fact, between 1832 and 1883 there was no particular need for such name, since only one valuation standard existed at a time in this period. After 1883, however, several alternative standards were gradually introduced, and the resultant values were named--e.g., "cost of production," "U.S. value," and "export value."

1/ The Tariff Act of 1842 used the term foreign value largely in a generic sense as synonymous with value in the country of origin. This instance is believed to be the only occasion that the term was used in U.S. valuation laws before 1922.

In the Tariff Act of 1922, the term "foreign value" was adopted and given a statutory definition which was substantially more refined than its predecessor counterpart. Section 402(b) of the 1922 Act defined foreign value essentially as the market value of the respective commodity for domestic consumption in the country of exportation.

Although the general use of American valuation was strongly urged preceding the enactment of the Tariff Act of 1930, the valuation provisions of this Act remained essentially the same as those of the Tariff Act of 1922. 1/ Foreign or export value, whichever was higher, continued to be the primary basis of valuation; 2/ the first and second alternative bases of valuation continued to be United States value and cost of production. As previously indicated, American selling price was also to be used in determining the dutiable value of certain articles.

1/ In response to the vigor with which the proposal was advanced that American valuation be made the major basis of U.S. customs valuation, the Congress instructed the U.S. Tariff Commission to compute a set of "converted" rates of duty that might be used in conjunction with domestic valuation (section 340, Tariff Act of 1930), and to survey various possible systems of customs valuation (section 642). The Commission subsequently submitted two reports--Domestic Value-Conversion Rates (1932) and Methods of Valuation (1933). In its reports, the Commission stated that the goal (under section 340) of computing "equivalent" ad valorem rates could not be satisfactorily achieved; it also pointed out that, if domestic valuation were used, a given product could have more than one dutiable value, depending on the particular channel of trade through which it was imported.

2/ Tariff Act of 1930, section 402.

During the early 1950's, the Treasury Department proposed on several occasions that "foreign value" should be eliminated as a U.S. standard of valuation. An objective of this proposal was to simplify and expedite customs administration. Discontinuation of the use of foreign value would eliminate the necessity of making simultaneous determinations for both export value and foreign value, to ascertain which was higher. Moreover, the determination of export value was much easier than that of the foreign value; usually most of the pertinent information was to be found within the United States.

The Customs Simplification Act of 1956 amended the Tariff Act of 1930, creating, in effect, a new group of valuation standards. For the appraisement of most articles, the foreign value standard was eliminated, and export value was made the primary basis of valuation. With certain changes, both United States value and cost of production (renamed constructed value) were retained as the first and second alternative standards. The meaning of the standards was modified, however, by changes in the statutory language and by the inclusion in the law of definitions of certain terms.

Although substantial administrative advantages were afforded by the elimination of foreign value, the Congress was unwilling to make the change for all imported articles. Because the export values of some imported products were lower than their foreign values, the contemplated change in the valuation system was expected to have a

duty-reducing effect. A survey at the time indicated that dutiable values of merchandise subject to ad valorem duties, and the duties collected thereon, would be reduced on the average by about 2 percent.

Although the effect of the proposed change thus appeared to be negligible, the dutiable values of some articles would have been substantially affected. Accordingly, the Secretary of the Treasury was instructed to prepare a list of commodities which, if appraised under the new valuation standards (section 402), would have been valued at 95 percent or less of the value at which they were actually appraised in the 12 month ending June 30, 1954. The articles so identified were included in a "Final List" and were to continue to be appraised under the old standards (now section 402a). The "Final List" was published by the Treasury Department on January 28, 1958, and the valuation provisions of the 1956 Act became effective 30 days later.

Foreign value is defined generally in section 402a of the 1956 Act as --

> The price, at the time of exportation to the United States, at which such or similar merchandise is freely offered for sale in the usual wholesale quantities for consumption in the exporting country to all purchasers in the principal markets in that country, plus the cost of packing the merchandise for shipment to the United States.

"Foreign value" differs from "export value," as both are defined in section 402a, primarily for one reason--the price at which goods are sold for home consumption in a foreign country may be higher or lower than the price at which such goods are sold for exportation to the United States. The imposition of an internal tax on the sale of the

article for home consumption is frequently a major factor which causes the home consumption price to be higher than the export price of the article which usually does not include the tax. The other major factor is, of course, whether the article can or cannot command a price in the exporting country for home consumption which is higher than the world price for such articles.

Appendix J. Current Bases of Valuation of Imports for Customs Purposes and Statistical Reporting by the United States and 156 Foreign Countries and Their Share of World Import Trade for 1970

The following tabulation presents the current bases, with respect to place, for valuation of imports used for customs purposes and statistical reporting by 157 countries and the share of each in world import trade for 1970. The term "f.o.b." is used to indicate methods of valuing goods in the country of exportation (e.g., ex-factory, port-of-exportation, etc.). The term "c.i.f." is used to indicate methods of valuing goods at the point of entry into the country of importation. A few countries employ more than one basis of valuation. The United States, for example, values most goods for customs purposes on an f.o.b. basis, but values some on an "American-selling-price" basis (the price of similar or competitive domestic goods in the U.S. market). In those instances, one method is generally used predominantly, and that method is shown in the table. The tabulation indicates the primary basis for statistical reporting, but an increasing number of countries are gathering data on both an f.o.b. basis and a c.i.f. basis.

Among the countries which have a share of 1 percent or more of world import trade, footnotes are used to explain unique valuation practices as well as special import taxes, fees, and surcharges, other than the excise tax, the turnover tax, or the value-added tax, which are commonly applied to both imported and domestically produced goods.

The information in the tabulation was obtained from the International Customs Journals, published by the International Customs Tariffs Bureau, Brussels, Belgium; Bureau of International Commerce, U.S. Department of Commerce, Overseas Business Reports; United Nations, Statistical Yearbook and Monthly Bulletin of Statistics; International Trade Reporter, Export Shipping Manual, and International Trade Reporter, Foreign Import and Exchange Controls; Dun & Bradstreet 1971 Exporters' Encyclopaedia; International Monetary Fund, Direction of Trade; Data on the Virgin Islands (U.S.) were obtained from the Virgin Islands Code Annotated, Vol. 1, 1967 edition.

All of the countries listed are believed to value exports for statistical purposes f.o.b. port of exportation.

Current bases of valuation of imports for customs purposes and statistical reporting by the United States and 156 foreign countries and their share of world import trade for 1970

Region and country	Basis of import valuation for-- Customs purposes	Statistical reporting	Percent of import trade for 1970
North America:			
Antigua (Leeward Islands)	c.i.f.	c.i.f.	1/
Bahama Islands	c.i.f.	c.i.f.	0.1
Barbados	c.i.f.	c.i.f.	1/
Bermuda	f.o.b.	f.o.b.	.1
British Honduras	c.i.f.	c.i.f.	.1
Canada	f.o.b.	f.o.b.	2/ 4.6
Costa Rica	c.i.f.	c.i.f.	.1
Cuba	f.o.b.	c.i.f.	3/
Dominican Republic	f.o.b.	f.o.b.	.1
El Salvador	c.i.f.	c.i.f.	.1
Greenland	c.i.f.	c.i.f.	1/
Guadaloupe	c.i.f.	c.i.f.	1/
Guatemala	c.i.f.	c.i.f.	.1
Haiti	c.i.f.	c.i.f.	1/
Honduras	f.o.b.	c.i.f.	.2
Jamaica	c.i.f.	c.i.f.	.2
Martinique	c.i.f.	c.i.f.	1/
Mexico	4/	c.i.f.	.8
Montserrat (Leeward Islands)	c.i.f.	c.i.f.	1/
Netherlands Antilles	f.o.b.	f.o.b.	.3
Nicaragua	c.i.f.	c.i.f.	.1
Panama	f.o.b.	c.i.f.	.1
Puerto Rico	f.o.b.	f.o.b.	5/
St. Vincent (Windward Islands)	c.i.f.	c.i.f.	1/
United States	f.o.b.	f.o.b.	13.6
Virgin Islands (Br.)	c.i.f.	c.i.f.	1/
Virgin Islands (U.S.)	f.o.b.	c.i.f.	1/
South America:			
Argentina	c.i.f.	c.i.f.	.6
Bolivia	c.i.f.	c.i.f.	.1
Brazil	c.i.f. 6/	c.i.f.	1.0
Chile	c.i.f.	c.i.f.	.3
Colombia	c.i.f.	c.i.f.	.3
Ecuador	c.i.f.	f.o.b.	.1
French Guiana	c.i.f.	c.i.f.	1/
Guyana	c.i.f.	c.i.f.	1/
Paraguay	c.i.f.	f.o.b.	1/

See footnotes at end of table.

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Current bases of valuation of imports for customs purposes and statistical reporting by the United States and 156 foreign countries and their share of world import trade for 1970--Continued

Region and country	Basis of import valuation for-- Customs purposes	Statistical reporting	Percent of import trade for 1970
South America--Continued:			
Peru	c.i.f.	c.i.f.	.2
Surinam	c.i.f.	c.i.f.	1/
Trinidad and Tobago	c.i.f.	c.i.f.	.2
Uruguay	c.i.f.	c.i.f.	.1
Venezuela	f.o.b.	f.o.b.	.6
Europe:			
Albania	7/	f.o.b.	3/
Austria	c.i.f. 8/	c.i.f.	1.2
Belgium and Luxembourg	c.i.f.	c.i.f.	3.9
Bulgaria	c.i.f.	f.o.b.	3/
Czechoslovakia	c.i.f.	f.o.b.	3/
Denmark	c.i.f.	c.i.f.	1.5
Finland	c.i.f.	c.i.f.	.9
France	c.i.f. 9/	c.i.f.	6.4
Germany (East)	G.s.p. 10/	f.o.b.	3/
Germany (West)	c.i.f. 8/	c.i.f.	10.2
Gibraltar	c.i.f.	c.i.f.	1/
Greece	c.i.f.	c.i.f.	.7
Hungary	f.o.b.	c.i.f.	3/
Iceland	c.i.f.	c.i.f.	.1
Ireland	c.i.f.	c.i.f.	.5
Italy	c.i.f. 11/	c.i.f.	5.1
Netherlands	c.i.f. 12/	c.i.f.	4.6
Norway	c.i.f. 13/	c.i.f.	1.3
Poland	7/	f.o.b.	3/
Portugal	c.i.f.	c.i.f.	.5
Romania	7/	f.o.b.	3/
Spain	c.i.f.	c.i.f.	1.6
Sweden	c.i.f.	c.i.f.	2.4
Switzerland	14/	c.i.f.	2.2
United Kingdom	c.i.f.	c.i.f.	7.4
Yugoslavia	c.i.f. 15/	c.i.f.	1.0
Africa:			
Algeria	c.i.f.	c.i.f.	.4
Angola	c.i.f.	c.i.f.	.1
Botswana	f.o.b.	f.o.b.	1/
Burundi	c.i.f.	7/	1/

See footnotes at end of table.

Current bases of valuation of imports for customs purposes and statistical reporting by the United States and 156 foreign countries and their share of world import trade for 1970--Continued

Region and country	Basis of import valuation for-- Customs purposes	Statistical reporting	Percent of import trade for 1970
Africa--Continued:			
Cameroon	c.i.f.	c.i.f.	.1
Central African Republic	c.i.f.	c.i.f.	1/
Chad	c.i.f.	c.i.f.	1/
Congo, People's Republic of the (Brazzaville)	c.i.f.	c.i.f.	1/
Dahomey	c.i.f.	c.i.f.	1/
Ethiopia	c.i.f.	c.i.f.	.1
French Somaliland (Afars and Issas)	16/	c.i.f.	1/
Gabon	c.i.f.	c.i.f.	1/
Gambia	c.i.f.	c.i.f.	1/
Ghana	f.o.b.	c.i.f.	.1
Guinea	c.i.f.	c.i.f.	1/
Ivory Coast	c.i.f.	c.i.f.	.1
Kenya	c.i.f.	c.i.f.	.1
Lesotho	f.o.b.	f.o.b.	1/
Liberia	c.i.f.	c.i.f.	.2
Libya	c.i.f.	c.i.f.	.2
Malagasy Republic	c.i.f.	c.i.f.	.1
Malawi	c.i.f.	f.o.b.	1/
Mali	c.i.f.	c.i.f.	1/
Mauritania	c.i.f.	c.i.f.	1
Mauritius	c.i.f.	c.i.f.	1/
Morocco	c.i.f.	c.i.f.	.2
Mozambique	c.i.f.	c.i.f.	.1
Niger	c.i.f.	c.i.f.	1/
Nigeria	c.i.f.	c.i.f.	.4
Portuguese Guinea	c.i.f.	c.i.f.	1/
Rhodesia	f.o.b.	f.o.b.	1/
Rwanda	c.i.f.	7/	1/
Senegal	c.i.f.	c.i.f.	.1
Sierra Leone	c.i.f.	c.i.f.	1/
Somalia	c.i.f.	c.i.f.	1/
South Africa	f.o.b.	f.o.b.	1.2
South-West Africa	f.o.b.	f.o.b.	1/
Sudan	c.i.f.	c.i.f.	.1
Tanzania	c.i.f.	c.i.f.	.1
Togo	c.i.f.	c.i.f.	.1

See footnotes at end of table.

Current bases of valuation of imports for customs purposes and statistical reporting by the United States and 156 foreign countries and their share of world import trade for 1970--Continued

Region and country	Basis of import valuation for-- Customs purposes	Statistical reporting	Percent of import trade for 1970
Africa--Continued:			
Tunisia	c.i.f.	c.i.f.	.1
Uganda	c.i.f.	7/	1/
Upper Volta	c.i.f.	c.i.f.	1/
Zaire [formerly Democratic Republic of The Congo (Kinshasa)]	c.i.f.	c.i.f.	.2
Zambia	f.o.b.	f.o.b.	.2
Middle East:			
Bahrain	c.i.f.	7/	
Cyprus	c.i.f.	c.i.f.	.1
Iran	c.i.f.	c.i.f.	.6
Iraq	c.& f.	c.i.f.	.2
Israel	c.i.f.	c.i.f.	.5
Jordan	c.&f.	c.i.f.	.1
Kuwait	c.i.f.	c.i.f.	.2
Lebanon	c.i.f.	c.i.f.	.2
Qatar	c.i.f.	7/	1/
Saudi Arabia	c.i.f.	c.i.f.	.3
Southern Yemen, People's Republic of (formerly Aden)	c.i.f. 17/	c.i.f.	.1
Sultanate of Oman Muscat and Oman)	c.i.f.	7/	.1
Syria	c.i.f.	c.i.f.	.1
Turkey	c.i.f.	c.i.f.	.3
U.A.R.	c.i.f.	c.i.f.	.3
Asia:			
Afghanistan	c.i.f.	7/	1/
Brunei	c.i.f.	c.i.f.	1/
Burma	c.i.f.	c.i.f.	.1
Cambodia	c.i.f.	c.i.f.	18/
Ceylon	c.i.f.	c.i.f.	.1
China (Taiwan)	c.i.f.	c.i.f.	.5
Hong Kong	17/	c.i.f.	1.0
India	c.i.f.	c.i.f.	.7
Indonesia	c.& f.	c.i.f.	.3
Japan	c.i.f. 19/	c.i.f.	6.4
Korea (South)	c.i.f.	c.i.f.	.7
Laos	c.i.f.	c.i.f.	1/
Malaysia	c.i.f.	c.i.f.	.5
Nepal	c.i.f.	7/	1/

See footnotes at end of table.

Current bases of valuation of imports for customs purposes and statistical reporting by the United States and 156 foreign countries and their share of world import trade for 1970--Continued

Region and country	Basis of import valuation for-- Customs purposes	Statistical reporting	Percent of import trade for 1970
Asia--Continued:			
Pakistan	c.i.f.	c.i.f.	.4
Philippines	c.i.f.	c.i.f.	.4
Ryukyu Islands	20/	c.i.f.	.2
Singapore	c.i.f.	c.i.f.	.8
Thailand	c.i.f.	c.i.f.	.4
U.S.S.R.	c.i.f.	f.o.b.	3/
Viet Nam (South)	c.i.f.	c.i.f.	.1
Oceania:			
Australia	f.o.b. 21/	f.o.b.	1.5
Fiji Islands	c.i.f.	c.i.f.	1/
Guam	22/	c.i.f.	1/
New Caledonia	c.i.f.	c.i.f.	.1
New Guinea	7/	f.o.b.	1/
New Zealand	f.o.b.	c.i.f.	.4
Tonga (Friendly Islands)	c.i.f.	7/	1/
Western Samoa	c.i.f.	7/	1/

1/ The share of world import trade is less than 0.05 percent.

2/ In Canada a surtax may be imposed on imports to prevent injury or the threat of injury to Canadian producers of like or directly competitive products. The tax may not exceed that rate which is necessary to prevent further injury or the threat of such injury.

3/ Excluding the trade of Cuba, China (Mainland), Mongolia, North Korea, North Viet-Nam, and centrally planned economies of Europe and the U.S.S.R.

4/ Mexico primarily utilizes the official (fixed) value to determine dutiable value. The price on the commercial invoice is used for dutiable value only if it is greater than the official value.

5/ Puerto Rico is a commonwealth of the United States; therefore, import statistics are included in the U.S. total.

6/ In Brazil any imported items which are considered to be available from Brazil's production in satisfactory quality, quantity, and cost are subject to higher import duties, and are not eligible for duty exemptions. There is a port improvement tax of 2 percent of the c.i.f. value on all imports by sea, and a Merchant Marine Renewal Tax which is 20 percent of net ocean freight charges on all imports by sea.

7/ Current information is not available.

8/ Many imported products are subject to an import equalization tax designed to subject imports to the same cumulative tax burden as that on domestic goods.

Footnotes--Continued:

9/ France levies a customs stamp of 2 percent on the value of total customs charges. Imported alcohol and products containing alcohol are subject to a specific compensation surtax levied at varying rates.

10/ German selling price.

11/ In Italy there are two customs fees: an administrative fee of 0.5 percent (charged on the dutiable value of the imported goods, even on duty-free goods) and a statistical fee of 10 lire per quintal (100 kilograms) of gross weight which is charged on most goods.

12/ In The Netherlands an additional 3 percent surcharge is levied on imported motor vehicles.

13/ In Norway there is an investment tax of 12.5 percent on imported "investment goods." Goods and services subject to the investment tax will not be subject to the 20 percent TVA.

14/ The Swiss tariff contains no ad valorem duties. There is a statistical tax of 3 percent of the amount of the customs charges.

15/ In Yugoslavia a "special tax for customs evidence" of 1 percent and an "equalization tax" of 3 percent are imposed on imports. In addition there are certain minor charges for stamp taxes on documents which Yugoslav importers must pay on import invoices.

16/ French Somaliland (Afars-Issas) is a free zone; there are no customs regulations and tariffs except for a special import tax on tobacco and alcohol.

17/ Free port. There are only five categories of goods subject to duty.

18/ Cambodia's share of the world import trade in 1968 was 0.04 percent. Statistics are not available for 1969 or 1970.

19/ In Japan the dutiable value for air shipments is usually determined on the basis of transportation other than air.

20/ No customs duties are imposed on imports into the Ryukyu Islands.

21/ In Australia additional duties, known as primage duties, are levied on some imports; exempted are raw materials and most essential goods. The rates, classified as either general or preferential, vary from 5 percent to 10 percent.

22/ Guam is a free port; therefore, no customs duties are levied.

Appendix K. Statistical Tables

Table 1.--U.S. imports by TSUSA part, by type of duty and average ad valorem equivalent for ad valorem and compound duty items, 1970

Brief commodity description	Group 1/	TSUSA Part	Average ad valorem equivalent (for ad valorem and compound duty items only) 2/	U.S. imports for consumption: Total	Type of duty: Free	Specific	Compound or ad valorem	Other 3/
			Percent	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
Grand total	-	-	11.4	39,767.8	12,436.5	9,410.5	17,467.3	453.5
Percent of total	-	-	-	(100.0)	(31.3)	(23.7)	(43.9)	(1.1)
I ANIMAL AND VEGETABLE PRODUCTS								
Total	-	-	10.2	6,814.9	2,600.8	3,464.9	749.1	-
Animal Products:	1	-	9.7	2,274.5	589.3	1,257.4	427.8	-
Live animals	-	1	4.8	165.8	33.4	121.1	11.2	-
Meats	-	2	9.4	1,011.5	2.6	878.0	130.9	-
Fish and shellfish	-	3	9.8	787.4	449.3	240.9	97.2	-
Dairy products; birds' eggs	-	4	13.6	104.5	-	17.4	87.1	-
Hides, skins and leather; furskins	-	5	7.2	205.3	104.0	-	101.3	-
Certain Vegetable Products:	2	-	12.6	1,851.1	469.8	1,179.9	201.3	-
Live plants; seeds	-	6	5.8	35.7	.3	29.0	6.4	-
Grains, malts and starches	-	7	4.6	39.3	7.4	29.8	2.1	-
Vegetables	-	8	15.7	227.4	.3	156.3	70.8	-
Edible nuts and fruits	-	9	17.9	467.1	261.1	158.8	47.1	-
Sugar; cocoa; confectionery	-	10	7.2	1,081.5	200.7	805.9	74.9	
Spices, Beverages and Tobacco:	3	-	22.3	2,188.0	1,308.8	872.6	6.7	-
Coffee, tea, maté, and spices	-	11	13.6	1,321.9	1,307.6	13.0	1.2	-
Beverages	-	12	-	721.2	-	721.2	-	-
Tobacco and tobacco products	-	13	24.3	145.0	1.2	138.3	5.5	-
Other:	4	-	7.1	501.2	232.9	155.1	113.2	-
Animal and vegetable oils	-	14	9.9	199.0	80.9	106.0	12.1	-
Other animal and vegetable products	-	15	6.7	302.2	152.0	49.1	101.1	-
II WOOD AND PAPER; PRINTED MATTER								
Total	-	-	10.4	2,709.5	1,660.5	487.9	561.0	-
Wood and Miscellaneous Fiber Products:	5	-	11.9	988.8	107.2	475.5	406.0	-
Wood and wood products	-	1	7.9	698.7	102.4	472.6	123.6	-
Cork, bamboo and fibrous veg. prods	-	2	14.7	25.6	4.8	2.9	18.0	-
Veneers, plywood, and bldg. boards	-	3	13.6	264.4	-	-	264.4	-
Paper Products; Printed Matter	6	-	6.4	1,720.7	1,553.3	12.4	155.0	-
Paper and paper board	-	4	6.4	1,557.2	1,417.3	.3	139.7	-
Books and other printed matter	-	5	6.3	163.5	136.1	12.1	15.3	-
III TEXTILE FIBERS AND PRODUCTS								
Total	-	-	26.0	2,422.6	101.3	295.5	2,025.8	-
Fibers, Cordage and Fabric:	7	-	22.3	1,182.4	96.4	286.6	799.3	-
Textile fibers; wastes	-	1	17.5	410.2	70.4	116.4	223.3	-
Cordage	-	2	15.1	33.4	24.9	.8	7.7	-
Woven fabrics	-	3	24.6	557.5	-	158.7	398.9	-
Fabrics for special purposes	-	4	23.6	181.2	1.1	10.8	169.4	-
Furnishings and Apparel:	8	-	28.5	1,240.2	4.9	8.8	1,226.5	-
Textile furnishings	-	5	16.9	108.2	2.1	5.4	100.6	-
Wearing apparel	-	6	29.6	1,109.1	-	-	1,109.1	-
Miscellaneous textile products	-	7	21.7	23.0	2.8	3.4	16.8	-
IV CHEMICALS								
Total	-	-	12.4	4,535.0	1,049.8	2,801.1	684.1	-
Certain Organic & Inorganic Products:	9	-	16.0	612.2	168.9	51.9	391.4	-
Benzenoid chemicals	-	1	20.6	302.8	47.5	-	255.3	-
Chemical elements, compounds	-	2	7.5	309.4	121.4	51.9	136.1	-
Drugs, Dyes and Other Products	10	-	7.6	599.0	304.3	22.8	271.9	-
Drugs and related products	-	3	6.4	127.8	26.3	5.8	95.6	-
Synthetic resins	-	4	8.0	302.6	236.9	0.1	65.6	-
Flavoring extracts	-	5	5.0	39.5	29.2	-	10.2	-
Glue and gelatin	-	6	10.7	21.1	6.3	-	14.8	-
Aromatic substances	-	7	10.8	33.6	4.1	-	29.5	-
Surface-active agents, soaps	-	8	8.2	7.3	-	-	7.3	-
Dyes, pigments and paints	-	9	7.2	67.1	1.5	16.8	48.8	-
Petroleum and Other Products:	11	-	7.1	3,323.7	576.7	2,726.3	20.7	-
Petroleum	-	10	10.0	3,008.7	293.2	2,715.2	.2	-
Fertilizers	-	11	-	235.7	235.7	-	-	-
Explosives	-	12	12.6	9.0	5.6	2.5	.8	-
Fats and other products	-	13	6.8	70.3	42.2	8.6	19.6	-

See footnotes at end of table.

Table 1.--U.S. imports by TSUSA part, by type of duty and average ad valorem equivalent for ad valorem and compound duty items, 1970--Continued

Brief commodity description	Group 1/	TSUSA Part	Average ad valorem equivalent (for ad valorem and compound duty items only) 2/	U.S. imports for consumption: Total	Type of duty: Free	Specific	Compound or ad valorem	Other 3/
			Percent	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
V NONMETALLIC MINERALS & PRODUCTS								
Total	-	-	15.1	1,242.5	495.6	156.7	590.2	-
Specified Minerals and Products:	12	-	6.2	850.2	465.3	93.1	291.8	-
Nonmetallic minerals	-	1	6.2	850.2	465.3	93.1	291.8	-
Ceramics; Glass and Glass Products:	13	-	23.7	392.2	30.2	63.7	298.3	-
Ceramic products	-	2	26.1	200.1	-	10.1	190.1	-
Glass and glass products	-	3	19.4	192.1	30.2	53.6	108.3	-
VI METALS AND METAL PRODUCTS								
Total	-	-	7.5	16,957.2	5,208.0	2,102.1	9,561.7	85.4
Metal-bearing Ores and Materials:	14	-	10.0	1,003.0	670.6	331.8	.5	-
Metal-bearing ores and materials	-	1	10.0	1,003.0	670.6	331.8	.5	-
Metals and Metal Products:	15	-	9.7	4,618.6	795.0	1,770.3	2,028.2	25.2
Metals and their alloys	-	2	8.6	3,708.6	710.0	1,586.7	1,411.9	-
Metal products	-	3	12.2	910.0	85.0	183.6	616.2	25.2
Electrical and Mechanical Equipment:	16	-	8.1	5,398.4	740.5	-	4,597.6	60.2
Mechanical machinery and equipment	-	4	7.4	3,105.4	665.1	-	2,380.0	60.2
Electrical machinery and equipment	-	5	8.9	2,293.0	75.4	-	2,217.6	-
Transportation Equipment:	17	-	4.9	5,937.2	3,001.8	-	2,935.4	-
Transportation equipment	-	6	4.9	5,937.2	3,001.8	-	2,935.4	-
VII CERTAIN MISCELLANEOUS PRODUCTS								
Total	-	-	13.1	3,642.6	245.7	102.2	3,294.0	.7
Apparel, Flat Goods; and Instruments:	18	-	13.7	1,619.0	1.8	78.0	1,538.9	.3
Footwear, headwear, luggage	-	1	13.7	835.7	-	8.8	826.9	-
Optical and scientific instruments	-	2	13.8	783.3	1.8	69.1	712.1	.3
Various and Sundry Items:	19	-	15.8	1,073.6	90.4	14.1	969.1	-
Musical instruments	-	3	14.3	73.2	-	-	73.2	-
Furniture and floor coverings	-	4	10.0	233.4	84.7	-	148.7	-
Sporting goods	-	5	16.2	546.8	3.6	1.2	541.9	-
Jewelry	-	6	19.4	88.8	-	-	88.8	-
Buttons, buckles and other fasteners	-	7	20.6	39.1	2.0	-	37.1	-
Combs, brushes and umbrellas	-	8	18.0	45.9	-	1.8	44.1	-
Matches and smokers' articles	-	9	20.8	35.2	-	10.2	25.0	-
Pens, pencils and crayons	-	10	20.2	11.1	-	.9	10.2	-
Works of Art; Rubber, Plastics:	20	-	8.8	950.0	153.6	10.1	785.9	.4
Works of art; antiques	-	11	-	145.1	144.7	-	-	.4
Rubber and plastics products	-	12	8.6	498.6	8.8	9.0	480.7	-
Miscellaneous products	-	13	9.2	303.5	.1	1.1	302.3	-
Nonenumerated products	-	14	6.7	2.8	-	-	2.8	-
VIII SPECIAL CLASS PROVISIONS								
Total	-	-	-	895.6	867.2	-	-	28.4
Various special provisions	21	-	-	895.6	867.2	-	-	28.4
IX APPENDIX								
Total	-	-	40.0	547.9	207.5	-	1.5	338.8
Temporary Provisions & Modifications	21	-	40.0	547.9	207.5	-	1.5	338.8

1/ The 21 commodity groupings correspond to the groupings which have been used by the Bureau of the Census in its report titled, "Special Announcement: Estimated c.i.f. values for U.S. imports." This announcement appeared first in the June 1967 issue and in subsequent issues of U.S. Foreign Trade: Highlights of Exports and Imports, United States Department of Commerce, Bureau of the Census, Report FT 990.

2/ The average ad valorem is computed for only those imports subject to ad valorem and compound rates of duty (the rates are those in effect January 1, 1970). The computation is performed by dividing the value of the duties collected by the value of imports for those commodities whose TSUSA classification falls within the parameters specified by the grouping.

3/ This category includes items, primarily in TSUS Schedule 6, whose duties are "the rate for the machines of which they are parts," and TSUS Schedule 9 which includes estimated formal and informal entries of less than $251.

Source: Derived from official statistics of the U.S. Department of Commerce.

Table 2.--U.S. imports of merchandise subject to ad valorem and compound rates of duty and average ad valorem equivalents by TSUSA Part and by world area, 1970 ti...

Brief commodity description	Group	TSUS Part	Canada: Average ad valorem equivalent (Percent)	Canada: Ad valorem and compound imports (Thousand dollars)	Mexico: Average ad valorem equivalent (Percent)	Mexico: Ad valorem and compound imports (Thousand dollars)	Caribbean: Average ad valorem equivalent (Percent)	Caribbean: Ad valorem and compound imports (Thousand dollars)	Other Western Hemisphere: Average ad valorem equivalent (Percent)	Other Western Hemisphere: Ad valorem and compound imports (Thousand dollars)	United Kingdom and Ireland: Average ad valorem equivalent (Percent)	United Kingdom and Ireland: Ad valorem and compound imports (Thousand dollars)	E.E.C. (Six original countries): Average ad valorem equivalent (Percent)	E.E.C. (Six original countries): Ad valorem and compound imports (Thousand dollars)
Grand total	-	-	6.7	1,739,646.9	12.4	374,176.2	14.2	94,685.0	9.8	229,546.0	9.8	1,272,004.1	9.8	5,005,548.8
Percent of total				(10.0)		(2.1)		(.5)		(1.3)		(7.3)		(28.7)
I ANIMAL AND VEGETABLE PRODUCTS														
Total	-	-	-	85,678.1	-	45,260.3	-	22,336.5	-	139,908.4	-	51,834.3	-	123,079.5
Animal Products:	1	-	8.0	27,827.0	6.8	1,811.7	9.4	12,762.7	9.6	118,504.6	7.5	18,226.1	10.7	69,298.6
Live animals	-	1	4.9	5,136.9	5.3	209.8	5.0	439.7	4.8	807.7	4.7	936.8	4.8	306.5
Meats	-	2	7.3	2,989.9	6.0	193.5	9.9	9,898.1	10.0	94,217.2	8.1	5.0	7.2	2,412.4
Fish and shellfish	-	3	10.5	6,038.3	-	-	15.0	242.8	8.9	874.5	7.1	936.9	4.8	1,309.7
Dairy products; birds' eggs	-	4	16.0	3,490.0	-	-	14.0	67.8	20.1	1,650.2	15.1	1,060.1	13.8	32,902.2
Hides, skins and leather; furskins	-	5	5.4	10,172.9	7.1	1,408.4	7.0	2,114.2	7.0	20,955.0	7.2	15,287.2	8.1	32,367.8
Certain Vegetable Products:	2	-	8.1	21,252.5	19.1	35,978.8	14.5	5,651.7	6.3	8,822.7	8.6	20,685.1	11.8	39,166.3
Live plants; seeds	-	6	6.3	1,440.6	7.6	3.8	6.9	131.0	5.2	14.8	6.1	21.4	5.6	4,344.3
Grains, malts and starches	-	7	4.6	2,112.8	5.0	4.3	-	-	-	-	20.2	3.5	-	-
Vegetables	-	8	12.9	4,388.0	16.3	7,069.2	20.2	2,560.4	15.3	836.5	10.8	101.6	15.7	13,540.7
Edible nuts and fruits	-	9	4.8	4,893.7	21.0	26,801.8	11.6	1,785.4	10.6	1,383.3	8.4	1,383.2	27.7	3,427.0
Sugar; cocoa; confectionery	-	10	8.8	8,417.3	4.6	2,099.6	7.5	1,174.8	4.2	6,588.1	8.6	19,175.3	7.3	17,854.2
Spices, Beverages and Tobacco:	3	-	82.0	164.6	24.2	549.3	21.9	1,864.7	45.2	166.5	17.5	263.0	32.7	379.7
Coffee, tea, maté, and spices	-	11	8.0	15.2	8.0	19.4	-	-	2.0	44.4	16.0	2.5	9.1	89.0
Beverages	-	12	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco and tobacco products	-	13	89.6	149.3	24.8	529.9	21.9	1,864.7	60.9	122.1	17.5	260.5	39.9	290.6
Other:	4	-	4.0	36,434.0	3.6	6,920.5	5.9	2,157.7	10.2	12,414.7	6.3	12,660.1	9.0	14,234.9
Animal and vegetable oils	-	14	8.9	62.9	7.4	15.1	9.2	12.7	10.0	10,961.7	14.0	1.3	10.0	683.7
Other animal and vegetable products	-	15	4.0	36,371.2	3.6	6,905.4	5.9	2,145.0	12.0	1,453.0	6.3	12,658.8	8.9	13,551.2
II WOOD AND PAPER; PRINTED MATTER														
Total	-	-	-	120,873.1	-	22,203.5	-	3,965.6	-	8,936.4	-	10,048.6	-	33,399.2
Wood and Miscellaneous Fiber Products:	5	-	6.3	47,131.3	5.8	19,267.4	5.8	3,522.4	7.6	8,926.9	10.4	2,816.9	10.9	18,067.2
Wood and wood products	-	1	6.2	16,181.2	4.7	18,062.9	3.3	2,391.0	4.2	2,187.5	11.0	1,815.8	10.3	13,983.1
Cork, bamboo and fibrous veg. prods	-	2	7.2	160.7	24.8	870.8	10.7	20.6	7.1	14.8	8.5	320.3	16.7	1,701.8
Veneers, plywood, and bldg. boards	-	3	6.3	30,789.4	17.0	333.7	11.1	1,110.9	8.6	6,724.7	9.7	680.8	10.2	2,382.3
Paper Products; Printed Matter	6	-	4.8	73,741.8	10.4	2,936.2	7.6	443.4	6.1	9.5	7.6	7,231.8	7.0	15,332.0
Paper and paper board	-	4	4.8	68,730.3	10.5	2,775.0	7.5	428.6	-	-	7.5	5,418.3	6.9	11,271.2
Books and other printed matter	-	5	4.0	5,011.4	8.3	161.2	8.9	14.8	6.1	9.5	7.8	1,813.6	7.3	4,060.8
III TEXTILE FIBERS AND PRODUCTS														
Total	-	-	-	50,673.5	-	33,651.3	-	24,647.5	-	15,295.6	-	114,548.2	-	422,922.8
Fibers, Cordage and Fabric:	7	-	13.9	22,210.9	11.8	11,569.0	13.7	4,436.9	20.2	12,946.9	24.9	73,984.0	20.5	256,990.1
Textile fibers; wastes	-	1	16.4	6,572.6	9.8	4,130.9	9.5	1,062.2	20.6	3,886.7	17.1	27,488.0	17.4	112,555.8
Cordage	-	2	34.0	31.0	15.0	2,481.5	18.6	7.5	15.2	31.8	15.7	327.3	13.9	612.7
Woven fabrics	-	3	18.6	1,276.8	9.7	3,871.2	14.1	3,066.9	20.1	8,904.6	31.0	22,876.4	22.4	78,202.3
Fabrics for special purposes	-	4	12.2	14,330.6	19.8	1,085.4	24.2	300.3	12.9	123.9	28.2	23,292.3	23.7	65,619.3
Furnishings and Apparel:	8	-	20.6	28,462.6	33.4	22,082.4	30.8	20,210.7	31.8	2,348.7	23.0	40,564.2	25.9	165,932.7
Textile furnishings	-	5	4.0	1,534.0	18.7	215.3	22.8	143.4	16.4	290.8	16.7	6,816.1	20.9	19,959.5
Wearing apparel	-	6	21.8	26,342.4	33.7	21,624.2	31.0	19,740.4	34.4	2,016.8	24.6	32,468.2	26.7	143,576.8
Miscellaneous textile products	-	7	8.6	586.2	23.4	243.0	23.0	326.9	12.7	41.1	16.3	1,279.8	18.9	2,396.4
IV CHEMICALS														
Total	-	-	-	74,665.6	-	6,380.3	-	15,927.0	-	13,873.7	-	68,303.9	-	265,620.7
Certain Organic & Inorganic Products:	9	-	10.4	34,692.4	7.5	1,050.2	6.5	1,662.2	9.2	757.9	16.2	37,024.7	16.9	178,804.8
Benzenoid chemicals	-	1	16.9	13,175.1	18.6	35.4	17.7	79.1	17.4	63.5	19.9	25,675.8	21.2	123,298.8
Chemical elements, compounds	-	2	6.5	21,517.3	7.2	1,014.8	6.0	1,583.0	8.5	694.4	8.0	11,348.9	7.5	55,506.1
Drugs, Dyes and Other Products	10	-	5.6	38,493.4	7.0	5,024.4	7.2	14,263.5	4.9	12,096.2	7.7	28,348.5	8.5	79,373.6
Drugs and related products	-	3	6.0	2,946.3	7.0	4,673.6	7.1	12,367.5	6.4	6,845.8	6.2	15,020.8	6.0	23,012.1
Synthetic resins	-	4	4.7	25,646.4	4.8	40.6	13.0	.3	5.5	6.3	14.3	2,117.3	11.1	10,359.4
Flavoring extracts	-	5	4.7	717.4	3.3	73.9	3.9	841.8	3.0	824.9	8.0	463.2	4.6	2,507.4
Glue and gelatin	-	6	8.3	455.7	10.0	12.9	10.2	670.1	13.7	982.8	10.2	2,266.5	10.9	6,745.6
Aromatic substances	-	7	12.0	499.1	10.0	26.7	14.7	284.0	9.5	7.1	11.4	1,963.1	10.7	17,949.2
Surface-active agents, soaps	-	8	7.1	1,959.3	7.1	141.8	10.0	29.2	-	-	8.8	694.9	9.0	2,702.7
Dyes, pigments and paints	-	9	7.8	6,269.2	12.6	55.0	4.5	70.7	-	3,429.2	6.7	5,822.7	7.5	16,097.1
Petroleum and Other Products:	11	-	9.4	1,479.7	10.0	305.7	7.0	1.4	1.1	1,019.7	6.5	2,930.7	8.9	7,442.3
Petroleum	-	10	10.0	4.6	10.0	229.8	-	-	-	-	10.0	7.8	10.0	15.2
Fertilizers	-	11	-	-	-	-	-	-	-	-	-	-	-	-
Explosives	-	12	10.9	745.9	-	-	-	-	-	-	21.0	36.3	-	-
Fats and other products	-	13	7.8	729.2	10.0	75.9	7.0	1.4	1.1	1,019.7	6.3	2,886.6	8.9	7,427.1

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Table 2.--U.S. imports of merchandise subject to ad valorem and compound rates of duty and average ad valorem equivalents by TSUSA Part and by world area, 1970--Continued

Brief commodity description	Group	TSUS Part	Canada: Average ad valorem equivalent	Canada: Ad valorem and compound imports	Mexico: Average ad valorem equivalent	Mexico: Ad valorem and compound imports	Caribbean: Average ad valorem equivalent	Caribbean: Ad valorem and compound imports	Other Western Hemisphere: Average ad valorem equivalent	Other Western Hemisphere: Ad valorem and compound imports	United Kingdom and Ireland: Average ad valorem equivalent	United Kingdom and Ireland: Ad valorem and compound imports	E.E.C. (Six original countries): Average ad valorem equivalent	E.E.C. (Six original countries): Ad valorem and compound imports
			Percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars
V NONMETALLIC MINERALS & PRODUCTS														
Total	-	-	-	19,655.9	-	9,749.8	-	2,004.2	-	2,699.6	-	44,145.5	-	232,650.1
Specified Minerals and Products:	12	-	7.4	11,351.9	13.7	2,695.7	1.3	1,627.9	3.3	2,323.1	7.3	7,460.7	6.4	144,414.1
Nonmetallic minerals	-	1	7.4	11,351.9	13.7	2,695.7	1.3	1,627.9	3.3	2,323.1	7.3	7,460.7	6.4	144,414.1
Ceramics; Glass and Glass Products:	13	-	10.0	8,304.1	25.5	7,054.1	21.0	376.3	48.6	376.5	18.6	36,684.8	19.1	88,236.0
Ceramic products	-	2	7.5	5,526.9	20.4	3,672.0	21.3	359.9	51.1	344.7	18.7	29,024.0	20.6	29,575.0
Glass and glass products	-	3	15.2	2,777.1	31.0	3,382.1	15.7	16.4	21.0	31.7	18.5	7,660.7	18.3	58,661.0
VI METALS AND METAL PRODUCTS														
Total	-	-	-	1,169,781.8	-	185,629.3	-	13,734.1	-	30,266.7	-	791,683.4	-	2,959,001.4
Metal-bearing Ores and Materials:	14	-	10.1	64.0	10.0	.3	-	-	-	-	10.0	6.8	10.0	190.5
Metal-bearing ores and materials	-	1	10.0	64.0	10.0	.3	-	-	-	-	10.0	6.8	10.0	190.5
Metals and Metal Products:	15	-	7.1	238,554.6	8.0	33,564.9	8.6	898.2	8.3	16,568.9	9.9	140,358.2	9.6	529,214.2
Metals and their alloys	-	2	6.9	157,611.8	7.2	22,517.4	7.1	6.0	6.7	14,047.3	9.0	89,884.4	8.5	400,613.9
Metal products	-	3	7.4	80,942.8	9.6	11,047.4	8.6	892.2	17.3	2,521.6	11.6	50,473.8	13.0	128,600.3
Electrical and Mechanical Equipment:	16	-	6.9	622,689.9	8.0	139,072.6	8.5	12,654.9	7.4	13,061.9	7.2	434,686.1	8.1	1,007,739.6
Mechanical machinery and equipment	-	4	6.6	380,497.8	6.9	33,726.1	6.9	1,452.8	7.4	11,807.9	6.6	311,157.3	7.9	814,220.9
Electrical machinery and equipment	-	5	7.4	242,192.1	8.4	105,346.5	8.8	11,202.2	8.1	1,254.0	8.5	123,528.8	9.2	193,518.7
Transportation Equipment:	17	-	3.9	308,473.3	9.2	11,991.9	6.1	181.1	5.2	635.9	4.7	216,632.3	4.7	1,421,857.1
Transportation equipment	-	6	3.9	308,473.3	9.2	11,991.9	6.1	181.1	5.2	635.9	4.7	216,632.3	4.7	1,421,857.1
VII CERTAIN MISCELLANEOUS PRODUCTS														
Total	-	-	-	218,319.1	-	72,300.7	-	11,969.3	-	18,565.5	-	191,104.9	-	967,853.0
Apparel, Flat Goods; and Instruments:	18	-	8.1	69,404.2	10.4	23,041.3	12.0	3,606.6	13.0	7,840.4	11.6	88,358.2	12.6	586,099.0
Footwear, headwear, luggage	-	1	12.4	17,949.2	12.1	12,712.8	12.6	3,144.0	12.6	7,371.4	10.0	28,898.3	13.0	341,822.9
Optical and scientific instruments	-	2	6.6	51,455.0	8.3	10,328.5	7.9	462.6	18.8	469.0	12.5	59,459.9	12.0	244,276.1
Various and Sundry Items:	19	-	6.8	90,270.9	20.6	40,091.6	13.0	6,241.0	16.1	3,335.6	13.4	50,609.7	14.4	207,361.0
Musical instruments	-	3	8.2	2,711.6	11.5	1,399.6	11.5	28.6	22.8	330.5	11.7	2,160.9	11.3	21,978.0
Furniture and floor coverings	-	4	9.7	25,410.7	10.1	5,764.9	10.2	240.1	9.4	274.2	9.1	6,737.8	10.3	28,307.5
Sporting goods	-	5	4.7	58,038.1	22.9	28,908.4	10.8	4,547.9	19.3	1,502.5	13.4	33,424.7	14.5	102,032.1
Jewelry	-	6	19.0	951.4	24.6	558.9	23.3	747.9	18.4	494.2	19.6	1,800.4	18.2	25,049.8
Buttons, buckles and other fasteners	-	7	12.3	634.7	25.3	321.7	12.7	300.4	7.5	730.5	19.6	2,264.1	15.2	12,016.6
Combs, brushes and umbrellas	-	8	19.2	1,429.0	21.2	2,843.5	21.7	372.1	19.0	3.7	11.8	1,654.8	15.6	9,134.3
Matches and smokers' articles	-	9	15.0	173.5	14.0	137.2	17.2	4.1	13.6	-	16.4	2,241.6	21.8	7,216.1
Pens, pencils and crayons	-	10	13.4	921.8	48.3	157.2	-	-	-	-	20.3	325.4	20.0	1,626.7
Works of Art; Rubber, Plastics:	20	-	7.9	58,644.0	8.8	9,168.1	7.6	2,121.7	6.4	7,389.5	7.7	52,137.0	7.3	174,393.0
Works of art; antiques	-	11	-	-	-	-	-	-	-	-	-	-	-	-
Rubber and plastics products	-	12	7.7	46,074.1	11.3	2,238.1	8.5	584.4	5.6	5,554.8	7.4	44,076.1	7.1	147,830.2
Miscellaneous products	-	13	8.6	12,304.9	8.1	6,921.2	7.3	1,521.6	8.7	1,804.5	9.3	7,568.3	8.5	25,058.0
Nonenumerated products	-	14	6.3	265.0	7.0	8.8	7.0	15.7	7.0	30.2	7.0	492.6	7.0	1,504.8
VIII SPECIAL CLASS PROVISIONS														
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Various special provisions	21	-	-	-	-	-	-	-	-	-	-	-	-	-
IX APPENDIX														
Total	-	-	-	-	-	-	-	-	-	-	-	335.3	-	1,022.2
Temporary Provisions & Modifications	21	1	-	-	-	-	-	-	-	-	40.0	335.3	40.0	1,022.2

Table 2.--U.S. imports of merchandise subject to ad valorem and compound rates of duty and average ad valorem equivalents by TSUSA Part and by world area, 1970-Continued

Brief commodity description	Group	TSUS Part	Scandinavia 1/		Other Western Europe		Eastern Europe		Japan		Other Asian		Australia, New Zealand, Oceania		Africa	
			Average ad valorem equivalent	Ad valorem and compound imports	Average ad valorem equivalent	Ad valorem and compound imports	Average ad valorem equivalent	Ad valorem and compound imports	Average ad valorem equivalent	Ad valorem and compound imports	Average ad valorem equivalent	Ad valorem and compound imports	Average ad valorem equivalent	Ad valorem and compound imports	Average ad valorem equivalent	Ad valorem and compound imports
			Percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars
V NONMETALLIC MINERALS & PRODUCTS																
Total	-	-	-	9,477.4	-	11,434.7	-	18,752.2	-	140,523.6	-	88,032.5	-	2,335.6	-	8,721.8
Specified Minerals and Products:	12	-	7.7	1,534.2	6.8	6,874.6	.5	7,349.2	8.4	14,280.6	5.4	81,457.6	3.1	1,883.2	6.5	8,721.8
Nonmetallic minerals	-	1	7.7	1,534.2	6.8	6,874.6	.5	7,349.2	8.4	14,280.6	5.4	81,457.6	3.1	1,883.2	6.5	8,591.0
Ceramics; Glass and Glass products:	13	-	24.5	7,943.2	21.0	4,560.1	14.6	11,403.0	29.9	126,243.0	25.0	6,574.9	19.0	452.4	14.2	130.8
Ceramic products	-	2	22.3	3,405.6	21.4	2,688.8	16.2	3,143.0	31.1	110,091.6	25.3	2,178.4	12.4	41.1	20.5	26.4
Glass and glass products	-	3	26.2	4,537.6	20.3	1,871.2	14.0	8,260.0	21.6	16,151.4	24.8	4,396.5	19.7	411.2	12.6	104.4
VI METALS AND METAL PRODUCTS																
Total	-	-	-	353,090.2	-	181,661.7	-	68,395.6	-	3,347,978.1	-	437,930.6	-	15,239.9	-	8,326.8
Metal-bearing Ores and Materials:	14	-	-	-	-	-	-	-	-	-	-	-	10.0	266.2	-	-
Metal-bearing ores and materials	-	1	-	-	-	-	-	-	-	-	-	-	10.0	266.2	-	-
Metals and Metal Products:	15	-	10.3	75,430.2	11.8	37,833.6	9.2	21,509.3	10.2	868,271.0	12.6	52,958.5	9.6	6,092.2	7.1	6,908.7
Metals and their alloys	-	2	9.4	48,891.9	8.6	7,282.9	7.8	11,753.8	9.1	636,116.4	7.9	10,833.3	8.9	4,911.6	7.0	6,445.2
Metal products	-	3	12.1	25,538.3	12.6	30,550.7	11.0	9,755.5	13.3	232,154.7	13.8	42,125.2	12.3	1,180.6	8.7	463.5
Electrical and Mechanical Equipment:	16	-	7.9	154,896.0	8.5	135,058.0	7.7	42,829.5	8.6	1,655,141.7	9.4	372,042.5	7.4	7,413.4	8.7	337.1
Mechanical machinery and equipment	-	4	7.5	102,893.0	8.3	98,516.6	6.6	22,545.0	7.6	562,410.3	7.3	33,738.6	7.3	6,800.0	8.3	235.0
Electrical machinery and equipment	-	5	8.8	52,003.0	9.2	36,541.4	8.9	20,284.5	9.1	1,092,731.4	9.6	338,303.9	8.0	613.4	9.5	102.2
Transportation Equipment:	17	-	4.8	122,764.0	6.9	8,770.8	4.4	4,056.8	5.4	824,565.4	6.6	12,929.6	6.1	1,468.1	6.4	1,081.0
Transportation equipment	-	6	4.8	122,764.0	6.9	8,770.8	4.4	4,056.8	5.4	824,565.4	6.6	12,929.6	6.1	1,468.1	6.4	1,081.0
VII CERTAIN MISCELLANEOUS PRODUCTS																
Total	-	-	-	80,029.2	-	233,704.5	-	89,385.7	-	766,388.1	-	627,673.9	-	14,777.8	-	1,878.9
Apparel, Flat Goods; and Instruments:	18	-	10.5	28,659.1	17.6	190,007.2	7.8	26,225.0	14.8	357,586.3	16.8	153,157.2	8.7	3,744.3	11.6	1,214.2
Footwear, headwear, luggage	-	1	12.8	8,821.3	12.0	96,910.0	7.5	19,243.5	15.3	149,211.0	16.6	139,078.3	8.1	961.5	12.3	755.4
Optical and scientific instruments	-	2	9.5	19,837.8	23.4	93,097.2	8.7	6,981.6	14.4	208,375.4	18.9	14,078.9	8.9	2,782.8	10.3	458.8
Various and Sundry Items:	19	-	11.6	37,329.4	14.1	25,863.9	10.4	51,778.9	18.2	287,925.0	20.8	166,799.0	14.1	1,107.4	16.8	412.1
Musical instruments	-	3	20.2	322.0	11.7	3,728.2	6.8	674.7	16.9	38,824.8	18.9	946.0	13.6	15.6	11.6	61.7
Furniture and floor coverings	-	4	9.0	20,598.3	10.7	6,536.6	10.1	19,037.7	10.5	18,316.6	10.5	17,393.8	12.7	52.3	10.7	65.5
Sporting goods	-	5	14.4	13,799.4	15.0	10,764.5	11.1	21,726.1	18.5	159,571.8	21.2	106,753.2	13.1	808.1	17.6	53.0
Jewelry	-	6	19.2	682.7	19.3	3,075.1	7.6	8,040.8	17.1	23,510.2	27.0	23,708.0	18.5	161.6	34.4	70.8
Buttons, buckles and other fasteners	-	7	16.2	100.4	17.0	807.9	4.6	491.6	26.3	14,905.4	22.4	4,450.4	10.1	16.0	10.3	58.2
Combs, brushes and umbrellas	-	8	10.8	728.2	13.5	583.8	13.0	816.6	18.6	16,400.3	20.2	10,092.7	19.9	47.9	13.0	19.3
Matches and smokers' articles	-	9	14.3	1,033.9	25.6	331.8	28.9	974.2	22.5	9,875.4	15.4	2,977.1	31.0	1.1	15.3	83.7
Pens, pencils and crayons	-	10	33.9	64.4	15.4	36.0	12.3	17.3	20.6	6,520.5	18.3	477.7	7.1	4.7	-	-
Works of Art; Rubber, Plastics:	20	-	9.2	14,040.7	8.1	17,833.4	7.1	11,381.8	9.4	120,876.8	10.0	307,717.7	5.7	9,925.9	8.9	252.6
Works of art; antiques	-	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rubber and plastics products	-	12	9.1	8,494.8	7.8	9,299.4	6.4	6,196.5	9.4	97,020.8	11.2	103,592.2	5.6	9,678.9	6.0	109.4
Miscellaneous products	-	13	9.5	5,543.8	8.4	8,405.3	7.9	5,174.8	9.6	23,679.9	9.4	203,971.8	11.6	213.1	11.2	141.2
Nonenumerated products	-	14	7.0	2.1	7.0	128.6	1.2	10.5	7.0	176.0	3.6	153.7	7.0	33.9	7.0	2.0
VIII SPECIAL CLASS PROVISIONS																
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Various special provisions	21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX APPENDIX																
Total	-	-	-	98.6	-	9.0	-	-	-	53.8	-	4.3	-	-	-	-
Temporary Provisions & Modifications	21	1	40.0	98.6	40.0	9.0	-	-	40.0	53.8	40.0	4.3	-	-	-	-

1/ Includes Iceland.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 2.--U.S. imports of merchandise subject to ad valorem and compound rates of duty and average ad valorem equivalents by TSUSA Part and by world area, 1970--Continued

Brief commodity description	Group	TSUS Part	Scandinavia 1/		Other Western Europe		Eastern Europe		Japan		Other Asian		Australia, New Zealand, Oceania		Africa	
			Average ad valorem equivalent	Ad valorem and compound imports	Average ad valorem equivalent	Ad valorem and compound imports	Average ad valorem equivalent	Ad valorem and compound imports	Average ad valorem equivalent	Ad valorem and compound imports	Average ad valorem equivalent	Ad valorem and compound imports	Average ad valorem equivalent	Ad valorem and compound imports	Average ad valorem equivalent	Ad valorem and compound imports
			Percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars
Grand total	-	-	9.0	594,772.9	14.3	612,659.7	10.4	250,905.2	12.1	5,098,728.3	17.9	2,071,492.8	11.2	66,920.2	8.9	56,261.3
Percent of total			-	(3.4)		(3.5)		(1.4)		(29.2)		(11.9)	-	(.4)	-	(.3)
I ANIMAL AND VEGETABLE PRODUCTS																
Total	-	-	-	55,079.3	-	51,184.9	-	20,798.4	-	69,358.7	-	42,865.6	-	25,735.9	-	15,872.2
Animal Products:	1	-	10.0	47,684.2	11.4	25,801.4	9.9	12,391.4	9.5	57,334.6	6.0	12,996.6	11.7	19,654.0	8.0	3,513.1
Live animals	-	1	4.8	19.5	4.8	75.0	2.8	39.9	5.3	8.0	5.1	581.6	4.5	2,223.3	5.1	471.0
Meats	-	2	7.0	10,012.9	7.4	87.3	9.1	508.8	4.0	292.8	3.1	3,608.9	9.0	6,701.7	-	-
Fish and shellfish	-	3	8.2	15,434.8	12.9	11,337.6	6.2	301.3	9.6	56,196.2	13.2	2,178.3	4.0	2.1	9.0	2,324.0
Dairy products; birds' eggs	-	4	13.2	20,229.2	11.5	9,708.9	10.7	8,009.6	10.0	4.0	13.3	144.5	15.6	9,853.0	-	-
Hides, skins and leather; furskins	-	5	6.4	1,987.7	7.7	4,592.7	8.5	3,531.8	7.8	833.6	5.2	6,483.3	7.3	873.9	6.8	718.2
Certain Vegetable Products:	2	-	9.5	3,457.5	14.3	19,208.1	12.4	6,275.5	14.7	5,742.6	15.5	23,972.6	16.4	1,221.6	4.9	9,914.7
Live plants; seeds	-	6	-	-	5.8	1.3	5.5	.7	6.3	307.0	5.0	11.6	5.4	19.9	5.5	126.8
Grains, malts and starches	-	7	-	-	-	-	-	-	-	-	20.0	2.2	-	-	20.0	1.3
Vegetables	-	8	13.4	12.6	15.3	14,763.9	14.2	3,398.4	15.3	3,771.6	16.3	19,664.4	16.1	41.7	17.2	644.6
Edible nuts and fruits	-	9	9.8	131.2	21.6	759.2	13.6	1,536.3	18.1	1,160.7	14.7	2,641.1	16.8	1,124.5	7.4	99.4
Sugar; cocoa; confectionery	-	10	9.4	3,313.7	8.9	3,683.7	6.8	1,340.1	8.0	503.3	6.9	1,653.2	9.6	35.4	4.0	9,042.6
Spices, Beverages and Tobacco:	3	-	20.7	33.2	16.9	1,214.9	15.8	22.8	12.9	4.4	7.8	142.3	-	-	18.3	1,922.8
Coffee, tea, maté, and spices	-	11	-	-	15.8	553.2	8.8	18.5	8.0	3.8	7.1	140.8	-	-	16.0	371.8
Beverages	-	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco and tobacco products	-	13	20.7	33.2	17.8	661.7	46.0	4.3	45.7	.6	82.5	1.5	-	-	18.8	1,550.9
Other:	4	-	5.4	3,904.4	7.3	4,960.5	10.7	2,108.4	9.2	6,277.1	12.1	5,754.1	14.3	4,860.3	7.3	521.6
Animal and vegetable oils	-	14	-	-	9.0	1.3	6.7	27.2	4.5	206.8	8.1	5.7	10.0	82.4	7.2	18.0
Other animal and vegetable products	-	15	5.4	3,904.4	7.3	4,959.2	10.7	2,081.3	9.4	6,070.3	12.1	5,748.3	14.4	4,777.9	7.3	503.6
II WOOD AND PAPER; PRINTED MATTER																
Total	-	-	-	44,611.5	-	10,026.5	-	8,266.0	-	112,784.5	-	179,676.0	-	1,218.0	-	5,004.9
Wood and Miscellaneous Fiber Products:	5	-	10.9	26,073.0	12.0	7,322.1	9.9	7,430.4	12.6	83,248.2	14.5	176,044.7	12.1	1,150.6	10.3	4,996.1
Wood and wood products	-	1	9.0	6,964.8	9.6	4,134.3	9.1	3,589.2	9.5	29,761.1	7.6	23,072.3	10.6	734.5	9.2	710.9
Cork, bamboo and fibrous veg. prods	-	2	10.4	48.7	16.4	1,851.2	11.9	2,998.2	14.4	2,477.6	14.3	6,893.1	7.6	39.8	14.1	568.3
Veneers, plywood, and bldg. boards	-	3	11.5	19,059.5	13.2	1,336.6	5.9	843.0	14.4	51,009.5	15.6	146,079.3	15.6	376.4	10.0	3,716.9
Paper Products; Printed Matter	6	-	6.1	18,538.5	8.3	2,704.4	6.3	835.6	8.9	29,536.3	8.5	3,631.3	5.8	67.4	9.9	8.8
Paper and paper board	-	4	6.0	18,160.2	9.1	1,495.5	6.3	741.3	9.0	27,798.2	9.2	2,811.3	5.8	55.7	9.9	6.8
Books and other printed matter	-	5	6.8	378.3	7.3	1,208.9	6.3	94.3	8.1	1,738.0	6.3	820.0	6.0	11.7	10.0	1.9
III TEXTILE FIBERS AND PRODUCTS																
Total	-	-	-	23,886.6	-	61,265.5	-	38,389.2	-	536,082.4	-	690,201.6	-	4,245.7	-	9,998.3
Fibers, Cordage and Fabric:	7	-	18.5	10,125.3	19.4	34,564.6	16.7	16,111.3	28.5	258,055.0	14.4	88,201.4	33.2	2,699.7	15.4	7,388.5
Textile fibers; wastes	-	1	17.4	6,464.1	17.8	11,786.6	11.8	5,035.3	18.7	28,685.3	17.7	9,713.8	33.3	2,570.2	18.3	3,355.3
Cordage	-	2	17.6	109.2	15.8	2,629.3	16.7	78.7	39.7	254.8	7.3	1,044.7	-	-	16.2	107.3
Woven fabrics	-	3	23.7	1,809.1	22.7	13,968.5	18.2	9,989.8	30.6	182,375.9	12.8	68,624.8	42.4	31.4	12.7	3,875.2
Fabrics for special purposes	-	4	16.9	1,743.0	16.6	6,180.2	26.8	1,007.5	25.9	46,738.9	24.3	8,818.1	28.3	98.0	26.6	50.8
Furnishings and Apparel:	8	-	22.1	13,761.3	22.9	26,700.9	19.6	22,277.9	26.8	278,027.4	31.1	602,000.2	32.0	1,546.0	23.5	2,609.8
Textile furnishings	-	5	15.3	2,894.4	23.7	4,609.0	15.0	3,032.5	16.1	28,480.1	14.8	31,131.1	26.7	215.6	18.7	1,299.3
Wearing apparel	-	6	24.2	10,475.8	22.8	21,773.8	20.8	18,572.9	28.2	241,190.4	32.0	568,766.9	33.2	1,307.3	27.8	1,230.1
Miscellaneous textile products	-	7	18.1	391.2	21.6	318.0	8.2	672.4	25.4	8,356.9	21.6	2,102.2	12.1	23.1	33.3	80.4
IV CHEMICALS																
Total	-	-	-	28,500.1	-	63,372.2	-	6,918.4	-	125,559.2	-	5,108.5	-	3,367.6	-	6,458.4
Certain Organic & Inorganic Products:	9	-	13.0	9,675.6	22.2	41,093.1	11.5	3,644.7	14.3	79,802.6	14.2	1,739.8	16.5	1,370.5	8.9	117.1
Benzenoid chemicals	-	1	16.4	5,771.6	24.2	35,767.9	15.8	2,451.4	18.6	47,028.3	18.5	657.1	17.4	1,261.0	14.5	23.9
Chemical elements, compounds	-	2	8.1	3,904.0	8.3	5,325.2	2.7	1,193.3	8.1	32,774.3	11.6	1,082.7	6.8	109.5	7.4	93.2
Drugs, Dyes and Other Products	10	-	7.7	17,940.0	8.3	20,822.0	6.5	3,252.2	9.0	44,222.2	6.0	3,273.1	6.0	1,819.5	5.7	2,952.5
Drugs and related products	-	3	6.8	11,870.5	6.8	8,843.1	5.9	2,054.9	6.1	5,897.6	6.2	1,953.8	8.2	99.1	6.0	48.1
Synthetic resins	-	4	21.0	123.8	14.2	113.1	1.3	11.1	9.4	26,510.5	9.3	192.1	5.0	496.4	-	-
Flavoring extracts	-	5	6.6	21.0	6.4	2,541.4	2.0	340.0	3.4	26.1	3.4	823.3	3.2	46.9	5.8	1,018.8
Glue and gelatin	-	6	9.5	1,022.7	9.9	688.3	14.9	292.7	10.1	178.0	9.7	21.3	10.6	507.1	9.9	960.0
Aromatic substances	-	7	10.4	80.8	10.4	6,840.5	13.5	7.3	12.6	1,528.0	11.7	167.5	12.0	65.8	11.0	100.5
Surface-active agents, soaps	-	8	10.1	199.5	7.9	1,150.5	2.3	32.4	8.4	288.4	7.2	40.8	7.2	33.5	-	-
Dyes, pigments and paints	-	9	9.0	4,621.7	9.9	645.1	7.0	513.8	9.0	9,793.7	8.0	74.3	1.9	570.7	.1	825.1
Petroleum and Other Products:	11	-	11.2	884.5	8.4	1,457.1	2.7	21.5	10.5	1,534.4	6.7	95.6	6.1	177.6	1.0	3,388.8
Petroleum	-	10	-	-	10.0	.5	-	-	10.0	.4	-	-	-	-	-	-
Fertilizers	-	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Explosives	-	12	21.0	116.5	-	-	-	-	-	-	-	-	-	-	-	-
Fats and other products	-	13	9.7	767.9	8.4	1,456.6	2.7	21.5	10.5	1,534.0	6.7	95.6	6.1	177.6	1.0	3.388.8

See footnote at end of table.

Table 3.--------- Changes in dutiable value and duty-paid price under the f.o.b. and c.i.f. alternates of the proposed standard with January 1, 1972 rates of duty - 1,657 selected import entries during the years 1967-71

TSUSA item	Commodity, rate of duty on Jan. 1, 1972, and countries of origin	Percent change from present dutiable value if dutiable value were based upon-- f.o.b. alternate	Percent change from present dutiable value if dutiable value were based upon-- c.i.f. alternate	Percent change from present landed duty-paid price if dutiable value were based upon-- f.o.b. alternate	Percent change from present landed duty-paid price if dutiable value were based upon-- c.i.f. alternate
107.6040	**Certain prepared beef, 10% - Argentina, Australia**				
	Range	0.0-1.6	1.6-10.7	0.0-0.1	0.1-0.9
	No. of entries and median	(12) 0.5	(7) 7.8	(6) .1	(7) 0.7
117.6020	Swiss cheese, 8% - Switzerland, West Germany				
	Range	0.0	6.1-20.9	0.0	0.4-1.3
	No. of entries and median	(8) 0.0	(3) 6.7	(3) 0.0	(3) 0.5
141.6500	Tomato paste & sauce, 13.6% - Portugal, Mexico				
	Range	0.0-7.6	0.0-21.2	0.0-0.8	0.0-2.1
	No. of entries and median	(10) 0.0	(5) 11.3	(3) 0.0	(5) 1.2
222.4200	Rattan baskets, 25% - Hong Kong, Mexico				
	Range	0.0-6.8	0.0-44.7	0.0-1.3	0.0-6.6
	No. of entries and median	(25) 0.0	(9) 14.6	(9) 0.0	(9) 2.6
240.1740	Plywood, 20% - Taiwan, Korea, Japan				
	Range	*2.8-12.7	10.3-27.7	*0.4-1.7	1.6-3.8
	No. of entries and median	(37) 0.0	(25) 14.9	(25) 0.0	(25) 2.2
252.6740	Book & printing paper, 2% + .08¢/lb. - Canada				
	Range	0.0-4.1	0.0-20.4	0.0-0.1	0.0-0.3
	No. of entries and median	(32) 0.0	(32) 0.0	(32) 0.0	(32) 0.0
252.8130	Unbleached sulfate wrapping paper, 4% - Canada, Sweden				
	Range	0.0-0.8	0.0-18.2	0.0	0.0-0.6
	No. of entries and median	(18) 0.0	(18) 13.2	(18) 0.0	(18) 0.5
256.1000	Cigarette paper cut to size, 7.5% - France				
	Range	0.0	6.0-10.0	0.0	0.4-0.6
	No. of entries and median	(13) 0.0	(7) 7.9	(7) 0.0	(7) 0.5
256.5600	Bound blank books, diaries, 10% - Japan				
	Range	0.0-8.3	16.4	0.7	1.3
	No. of entries and median	(2) 4.2	(1) 16.4	(1) 0.7	(1) 1.3
256.6000	Albums, 6.5% - Japan				
	Range	0.0-6.5	4.4-15.5	0.0-0.3	0.3-0.8
	No. of entries and median	(21) 0.0	(9) 7.6	(9) 0.0	(9) 0.4
310.0215 1/	Textured yarns, 16% - West Germany, Japan				
	Range	*0.4-0.0	0.0-24.2	*0.1-0.0	0.0-2.8
	No. of entries and median	(4) 0.0	(5) 5.0	(4) 0.0	(5) 0.7
310.0245	Noncellulosic yarn, 16% - West Germany, Japan				
	Range	*6.6-0.0	*3.2-12.0	*0.9-0.0	*0.5-1.5
	No. of entries and median	(2) *3.3	(2) 4.4	(2) *0.5	(2) 0.5
336.6028	Worsted wool fabrics, 38% + 37.5¢/lb. - Japan				
	Range	*2.7-0.3	1.3-2.3	*0.7-0.0	0.3-0.6
	No. of entries and median	(16) 0.0	(9) 2.1	(9) 0.0	(9) 0.5
338.3045	Polyester fabrics, 22.5% + 13¢/lb. - West Germany, Japan				
	Range	*6.1-0.0	2.5-12.3	*1.1-0.0	0.4-2.0
	No. of entries and median	(18) 0.0	(12) 3.2	(12) 0.0	(12) 0.6
345.5048	Polyester knit fabrics, 20% + 25¢/lb. - United Kingdom, Ireland, Japan				
	Range	*5.3-1.0	1.3-5.4	*0.8-0.2	0.2-0.8
	No. of entries and median	(15) 0.0	(4) 2.2	(4) *0.2	(4) 0.4
345.5088	Polyester knit fabrics, 20% + 25¢/lb. - Ireland, Japan				
	Range	*14.6-0.0	1.3-2.6	*2.2-*0.7	0.2-0.4
	No. of entries and median	(7) *6.2	(3) 1.9	(3) *0.9	(3) 0.3

See footnotes at end of table

Table 3.---------- Changes in dutiable value and duty-paid price under the f.o.b. and c.i.f. alternates of the proposed standard with January 1, 1972 rates of duty - 1,657 selected import entries during the years 1967-71--Continued

TSUSA item	Commodity, rate of duty on Jan. 1, 1972, and countries of origin	Percent change from present dutiable value if dutiable value were based upon--		Percent change from present landed duty-paid price if dutiable value were based upon--	
		f.o.b. alternate	c.i.f. alternate	f.o.b. alternate	c.i.f. alternate
380.8435	Dress shirts, 27.5% + 25¢ /lb. - Korean Republic				
	Range	0.0	6.0-18.9	0.0	1.1-3.4
	No. of entries and median	(15) 0.0	(6) 13.4	(6) 0.0	(6) 2.4
382.7872	Acrylic sweaters, 32.5% + 25¢ /lb. - China, Taiwan				
	Range	0.0	4.2-15.2	0.0	0.9-3.0
	No. of entries and median	(15) 0.0	(4) 11.2	(4) 0.0	(4) 2.4
403.6000	Cyclic intermediates, 12.5% + 1.7¢/lb. - Netherlands, West Germany, Japan				
1/ 2/	Range	*80.0-0.0	*78.0-44.8	*29.0-0.0	*28.2-3.6
	No. of entries and median	(57) *42.6	(51) *37.6	(51) *6.6	(51) *6.1
406.5000	Colors, dyes and stains, 20% - United Kingdom, France, West Germany, Switzerland, Japan				
1/ 2/	Range	*66.4-142.1	*63.9-155.4	*23.7-10.3	*22.8-11.3
	No. of entries and median	(42) *11.2	(26) *13.3	(26) *3.1	(26) *2.5
407.8500	Drugs, 12.5% + 1.7¢/lb. - West Germany, Japan				
1/ 2/	Range	*92.5-15.7	*64.3-0.3	*17.0-0.0	*16.6-0.0
	No. of entries and median	(30) *9.1	(14) *36.1	(14) *6.6	(14) *5.6
446.1500	Synthetic rubber, 3% - Canada, France, Japan				
1/	Range	*54.6-23.7	*15.1-23.7	*0.7-0.6	*0.5-0.6
	No. of entries and median	(51) 0.0	(42) 0.0	(42) 0.0	(42) 0.0
519.5100	Abrasive papers, cloths, etc., 3% - Mexico, West Germany, Switzerland				
1/	Range	*32.4-0.5	*30.1-7.5	*1.3-0.0	*1.2-0.2
	No. of entries and median	(13) 0.0	(6) 0.3	(6) 0.0	(6) 0.0
532.2400	Glazed ceramic tiles, 22.5% - Mexico, United Kingdom, Japan				
	Range	*26.7-22.0	*26.7-37.4	*6.3-3.1	*6.3-5.3
	No. of entries and median	(67) 0.0	(35) 13.4	(35) 0.0	(35) 2.4
533.2800	Earthenware 3/, 21% + 10¢/dz. - U.K., Japan				
	Range	*1.1-9.7	2.7-30.4	*0.2-1.3	0.5-4.1
	No. of entries and median	(43) 0.0	(12) 14.4	(12) .5	(12) 2.2
533.6600	Nonbone china or subporcelain, 36% + 10¢ /dz. - Belgium, West Germany, Japan				
	Range	0.0-89.3	4.5-95.5	0.0-13.8	1.2-14.7
	No. of entries and median	(36) 0.0	(12) 10.2	(12) .4	(12) 2.5
608.8420	Iron and steel plates, 7.5% - Canada, Mexico, Belgium, France, West Germany, Japan				
	Range	*22.0-13.4	*15.8-17.5	*1.8-0.2	*1.3-1.1
	No. of entries and median	(43) 0.0	(33) 2.8	(33) 0.0	(33) 0.2
608.8440	Iron and steel sheets, 7.5% - West Germany, Japan: Canada				
	Range	*27.2-17.4	*19.8-27.4	*2.3-1.0	*1.7-1.5
	No. of entries and median	(40) 0.0	(38) 9.7	(38) 0.0	(38) 0.6
608.8742	Iron and steel sheets, 8% - Canada, Belgium, Japan				
	Range	*5.5-0.0	0.0-48.8	*0.4-0.0	0.0-2.5
	No. of entries and median	(12) 0.0	(12) 5.0	(12) 0.0	(12) 0.4
608.8744	Iron and steel sheets, 8% - Canada, Belgium, West Germany, Japan				
	Range	*13.5-26.1	*3.2-38.1	*1.0-1.4	*0.2-2.1
	No. of entries and median	(58) 0.0	(55) 5.4	(55) 0.0	(55) 0.4

See footnotes at end of table.

Table 3.--------- Changes in dutiable value and duty-paid price under the f.o.b. and c.i.f. alternates of the proposed standard with January 1, 1972 rates of duty - 1,657 selected import entries during the years 1967-71--Continued

TSUSA item	Commodity, rate of duty on Jan. 1, 1972, and countries of origin	Percent change from present dutiable value if dutiable value were based upon-- f.o.b. alternate	Percent change from present dutiable value if dutiable value were based upon-- c.i.f. alternate	Percent change from present landed duty-paid price if dutiable value were based upon-- f.o.b. alternate	Percent change from present landed duty-paid price if dutiable value were based upon-- c.i.f. alternate
608.8840	Stainless steel sheets, 10% - Canada, Japan France				
	Range	*26.5-3.8	*26.5-11.3	*3.2-0.3	*3.2-0.9
	No. of entries and median	(46) 0.0	(39) 3.1	(39) 0.0	(39) 0.3
608.9430	Coated or plated sheets of iron or steel, 9% Canada, Belgium, West Germany, Japan				
	Range	*13.5-11.8	*5.8-23.2	*1.2-0.8	*0.5-1.6
	No. of entries and median	(51) 0.0	(45) 7.6	(45) 0.0	(45) 0.6
660.3040	Parts of steam turbines, 7.5% - Canada, Switzerland, Japan				
	Range	0.0	0.0-4.3	0.0	0.0-0.3
	No. of entries and median	(9) 0.0	(4) 0.8	(4) 0.0	(4) 0.1
672.1540	Sewing machines, 5% - Canada, U.K., Japan				
	Range	*7.5-0.5	0.0-8.9	*0.1-0.0	0.0-0.4
	No. of entries and median	(43) 0.0	(24) 4.7	(24) 0.0	(24) 0.2
676.2010	Electronic calculators, 5% - Japan				
	Range	0.0	2.7-5.0	0.0	0.1-0.2
	No. of entries and median	(17) 0.0	(4) 3.1	(4) 0.0	(4) 0.1
678.5050	Machines containing tape players, 5% - Japan				
	Range	0.0-5.1	0.4-13.8	0.0-0.2	0.0-0.6
	No. of entries and median	(12) 0.0	(11) 5.0	(11) 0.0	(11) 0.2
685.2018	Television receivers, 5% - Canada, Japan				
	Range	0.0	0.0-10.0	0.0	0.0-0.4
	No. of entries and median	(11) 0.0	(5) 5.8	(5) 0.0	(5) 0.3
685.2032	Television receivers, 5% - Japan				
	Range	0.0	3.5-4.9	0.0	0.2
	No. of entries and median	(8) 0.0	(2) 4.2	(2) 0.0	(2) 0.2
685.2350	Radios, 10.4% - West Germany, Japan				
	Range	*17.6-8.0	1.2-14.5	0.0-0.7	0.1-1.2
	No. of entries and median	(32) 0.0	(18) 4.2	(18) 0.0	(18) 0.4
685.3000 1/	Radio phonograph combination, 6.5% - Canada, West Germany, Japan				
	Range	*14.5-4.2	*4.5-9.0	*0.9-0.0	*0.3-0.5
	No. of entries and median	(35) 0.0	(16) 0.0	(16) 0.0	(16) 0.0
685.3243	Record changers, 5.5% - Bermuda, U.K., West Germany				
	Range	0.0	1.0-5.8	0.0	0.1-0.3
	No. of entries and median	(24) 0.0	(3) 5.5	(3) 0.0	(3) 0.3
685.4042	Cassette tape players, 5.5% - Japan				
	Range	0.0			
	No. of entries and median	(18) 0.0			
692.1020 1/	Automobiles, 3% - Canada, Sweden, U.K., France, West Germany, Italy, Japan				
	Range	*23.9-54.1	*15.7-125.9	*0.8-0.9	*0.5-1.6
	No. of entries and median	(151) 0.1	(93) 13.9	(89) 0.1	(93) 0.4
692.3500	Tractors, 5.5% - Canada, Italy, Japan				
	Range	*45.4-0.0	*45.4-12.7	*4.1-0.0	*4.1-0.6
	No. of entries and median	(47) 0.0	(28) 0.0	(28) 0.0	(28) 0.0
692.5040	Motorcycles, 5% - Italy, Japan				
	Range	*3.8-11.4	4.2-11.5	0.0	0.2-0.5
	No. of entries and median	(20) 0.0	(8) 5.6	(8) 0.0	(8) 0.3

See footnotes at end of table.

Table 3.--Changes in dutiable value and duty-paid price under the f.o.b. and c.i.f. alternates of the proposed standard with January 1, 1972 rates of duty - 1,657 selected import entries during the years 1967-71--Continued

TSUSA item	Commodity, rate of duty on Jan. 1, 1972, and countries of origin	Percent change from present dutiable value if dutiable value were based upon-- f.o.b. alternate	Percent change from present dutiable value if dutiable value were based upon-- c.i.f. alternate	Percent change from present landed duty-paid price if dutiable value were based upon-- f.o.b. alternate	Percent change from present landed duty-paid price if dutiable value were based upon-- c.i.f. alternate
692.5080	Motorcycles, 5% - United Kingdom, Japan				
	Range	0.0-11.7	1.6-5.7	0.0	0.1-0.3
	No. of entries and median	(25) 0.0	(8) 5.0	(8) 0.0	(8) 0.2
694.6000 1/	Aircraft parts, 5% - Canada, United Kingdom				
	Range	0.0-2.1	0.0-20.2	0.0-0.1	0.0-0.8
	No. of entries and median	(30) 0.0	(16) 0.0	(16) 0.0	(16) 0.0
700.4340	Footwear for women, 15% - Spain, Italy				
	Range	0.0	8.3	0.0	1.0
	No. of entries and median	(16) 0.0	(1) 8.3	(1) 0.0	(1) 1.0
700.4540	Footwear for women, 10% - Spain, Italy				
	Range	0.0-0.6	2.8-11.8	0.0	.3-1.0
	No. of entries and median	(39) 0.0	(16) 5.5	(16) 0.0	(16) 0.4
700.5320	Boots, 37.5% - Korean Republic				
	Range	0.0	1.1-16.1	0.0	0.3-3.9
	No. of entries and median	(13) 0.0	(3) 14.8	(3) 0.0	(3) 3.7
700.5545	Footwear for women & misses, 6% - Haiti, Italy, Japan				
	Range	0.0-11.7	5.6-30.0	0.0-0.5	0.3-1.3
	No. of entries and median	(45) 0.0	(26) 10.9	(26) 0.0	(26) 0.6
706.6020	Handbags, 20% - Italy, Hong Kong, Taiwan				
	Range	*1.9-6.3	5.8-26.8	0.0-0.9	0.9-3.6
	No. of entries and median	(34) 0.0	(6) 14.0	(6) 0.0	(6) 2.1
706.6035	Luggage, 20% - Japan				
	Range	0.0-12.3	0.8-41.7	0.0-1.5	0.1-5.2
	No. of entries and median	(22) 0.0	(8) 14.7	(8) 0.0	(8) 2.2
708.5200	Prism binoculars, 20% - Japan				
	Range	0.0-7.1	3.5	0.0	0.6
	No. of entries and median	(23) 0.0	(1) 3.5	(1) 0.0	(1) 0.6
712.4900	Automatic control instruments, 10% - Canada, West Germany, Japan				
	Range	*51.2-33.0	*51.2-33.0	*8.7-2.3	*8.7-2.3
	No. of entries and median	(66) 0.0	(41) 2.7	(41) 0.0	(41) 0.2
722.1640 1/	Cameras, 7.5% - West Germany, Japan				
	Range	*40.8- 0.0	*0.9-15.1	*0.2-0.0	*0.1-0.9
	No. of entries and median	(12) 0.0	(7) 1.6	(7) 0.0	(7) 0.1
737.2020	Dolls, 17.5% - Italy, Hong Kong				
	Range	*38.8-5.0	5.5-32.4	0.0-0.4	0.8-3.8
	No. of entries and median	(43) 0.0	(7) 12.8	(7) 0.0	(7) 1.7

1/ Includes Final List items.
2/ Subject to American Selling Price.
3/ Rate of duty is temporary rate under item 923.01.
* Indicates decrease (negative value).

Source: Tariff Commission analysis of entry documents.

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Table 4.---------- Changes in dutiable value and duty-paid price for imports from near and distant countries under the c.i.f. alternate of the proposed standard with January 1, 1972 rates of duty--- 276 selected import entries during the years 1967-71 1/

TSUSA item	Commodity, rate of duty, and countries of origin	Number of entries	Increase in dutiable value of c.i.f. alternate over f.o.b. alternate		Increase in duty-paid price of c.i.f. alternate over current duty-paid price	
			Range	Median	Range	Median
			Percent	Percent	Percent	Percent
446.1500	Synthetic rubber, 3%					
	Canada	29	0.0	0.0	0.0-0.6	0.0
	France	2	3.7-16.5	10.1	0.1-0.4	0.3
	Japan	10	5.4-14.7	8.5	*0.5-0.4	0.3
532.2400	Glazed ceramic tiles, 22.5%					
	Mexico	11	0.0	0.0	*6.3-2.2	*2.0
	United Kingdom	3	9.3-14.0	12.6	3.0-5.3	4.5
	Japan	12	9.3-30.3	16.9	1.6-4.5	2.7
608.8420	Iron and steel plates, 7.5%					
	Canada	9	0.0	0.0	0.0	0.0
	Mexico	4	0.0	0.0	0.0	0.0
	Japan	16	0.5-21.7	14.4	0.0-1.1	0.8
	West Germany	2	7.1-11.9	9.5	*1.3-0.2	*0.6
608.8440	Iron and steel sheets, 7.5%					
	Japan	20	7.0-27.4	11.1	*1.7-1.5	0.6
	West Germany	4	1.4-16.0	12.8	0.7-1.1	0.9
608.8744	Iron and steel sheets, 8%					
	Canada	16	0.0	0.0	*0.1-0.0	0.0
	Japan	22	8.7-20.1	11.4	*0.2-1.7	0.6
	West Germany	7	9.1-14.4	11.3	0.5-2.1	0.8

See footnotes at end of table.

Table 4.---------- Changes in dutiable value and duty-paid price for imports from near and distant countries under the c.i.f. alternate of the proposed standard with January 1, 1972 rates of duty -- 276 selected import entries during the years 1967-71 1/--continued

TSUSA item	Commodity, rate of duty, and countries of origin	Number of entries	Increase in dutiable value of c.i.f. alternate over f.o.b. alternate		Increase in duty-paid price of c.i.f. alternate over current duty-paid price	
			Range	Median	Range	Median
			Percent	Percent	Percent	Percent
608.8840	Stainless steel sheets, 10%					
	Canada	12	0.0-7.0	0.0	*3.2-0.4	0.0
	France	7	1.2-9.0	4.0	0.1-0.8	0.4
	Japan	14	3.0-9.2	5.5	*0.6-0.9	0.5
692.1020	Automobiles, 3%					
	Canada	5	0.0	0.0	*0.5-0.0	0.0
	France	1	9.0	9.0	0.2	0.2
	Italy	1	12.0	12.0	0.2	0.2
	Japan	16	7.9-20.9	14.0	0.2-0.7	0.4
	Sweden	2	4.7-12.0	8.4	*0.5-0.1	*0.2
	United Kingdom	8	2.8-46.6	8.8	0.1-1.6	0.9
	West Germany	26	4.9-15.0	6.5	*0.1-0.6	0.3
692.5040 80	Motorcycles, 5%					
	Italy	1	7.4	7.4	0.3	0.3
	Japan	5	4.8-7.1	5.7	0.2-0.3	0.3
712.4900	Automatic control instruments, 10%					
	Canada	7	0.0	0.0	0.0	0.0
	West Germany	3	5.0-10.9	9.2	0.1-0.9	0.8
	Japan	1	3.2	3.2	0.3	0.3

1/ All entries are ocean or overland to ports other than on the West Coast to eliminate much of the bias that might result from differences in shipping costs to the East and West Coasts.

* Indicates decrease (negative value).

Source: Tariff Commission analysis of entry documents.

Table 5.--Changes in dutiable value and duty-paid price at different ports of entry under the c.i.f. alternate of the proposed standard with January 1, 1972 rates of duty--395 selected import entries during the years 1967-71

TSUSA item	Commodity, rate of duty, country of origin and coastal region of port of entry 1/	Number of entries	Increase in dutiable value of c.i.f. alternate over f.o.b. alternate		Increase in duty-paid price of c.i.f. alternate over current duty-paid price	
			Range	Median	Range	Median
117.6020	Cheese, 8%					
	Switzerland					
	East	1	6.1	6.1	0.4	0.4
	West	1	20.9	20.9	1.3	1.3
141.6500	Tomato paste, 13.6%					
	Portugal					
	East	2			1.1-1.2	1.1
	West	1	12.7	12.7	2.1	2.1
222.4200	Rattan baskets & bags, 25%					
	Hong Kong					
	East	1	25.2	25.2	4.2	4.2
	West	2	19.9-23.4	21.7	3.9-4.3	4.1
240.1740	Plywood, 20%					
	Korean Republic					
	East	7	13.8-17.0	14.9	2.1-2.5	2.2
	West	8	11.7-14.0	13.0	1.6-3.6	1.9
252.6740	Books & printing paper, 2% + .08¢/lb.					
	Canada					
	East	4	0.0-15.0	8.1	0.0-0.3	0.2
	West	4	4.0-20.4	10.6	0.1-0.3	0.2

See footnotes at end of table

Table 5.--Changes in dutiable value and duty-paid price at different ports of entry under the c.i.f. alternate of the proposed standard with January 1, 1972 rates of duty--395 selected import entries during the years 1967-71--continued

TSUSA item	Commodity, rate of duty, country of origin and coastal region of port of entry 1/	Number of entries	Increase in dutiable value of c.i.f. alternate over f.o.b. alternate		Increase in duty-paid price of c.i.f. alternate over current duty-paid price	
			Range	Median	Range	Median
256.1000	Cigarette paper cut to size, 7.5%					
	France					
	East	6	6.0-8.6	7.9	0.4-0.6	0.5
	West	1	10.0	10.0	0.6	0.6
256.6000	Albums, 6.5%					
	Japan					
	East	1	9.0	9.0	0.5	0.5
	West	7	4.4-13.8	7.2	0.3-0.7	0.4
336.6028	Worsted wool fabrics, 38% + 37.5¢/lb.					
	Japan					
	East	7	2.1-2.3	2.1	0.5-0.6	0.5
	West	2	1.3-4.9	3.1	0.3-0.5	0.4
338.3045	Polyester fabrics, 22.5% + 13¢/lb.					
	Japan					
	East	12	2.5-12.3	3.8	0.4-2.0	0.6
	West	1	3.1	3.1	0.5	0.5
345.5048	Polyester knit fabrics, 20% + 25¢/lb.					
	Japan					
	East	1	7.0	7.0	0.2	0.2
	West	2	1.8-5.4	3.6	0.4-0.8	0.6

See footnotes at end of table

Table 5.--- --------- Changes in dutiable value and duty-paid price at different ports of entry under the c.i.f. alternate of the proposed standard with January 1, 1972 rates of duty--- 395 selected import entries during the years 1967-71 --continued

TSUSA item	Commodity, rate of duty, country of origin and costal region of port of entry 1/	Number of entries	Increase in dutiable value of c.i.f. alternate over f.o.b. alternate		Increase in duty-paid price of c.i.f. alternate over current duty-paid price	
			Range	Median	Range	Median
380.8435	Dress shirts, 27.5% + 25¢/lb.					
	Korean Republic					
	East	1	16.1	16.1	3.9	3.9
	West	2	1.1-14.8	8.0	0.3-3.7	2.0
403.6000	Cyclic Intermediates 12.5% + 1.7¢/lb.					
	Japan					
	East	13	1.4-10.7	5.0	*12.6-0.5	*5.8
	West	3	3.8-5.2	3.9	*10.9-*7.0	*7.5
406.5000	Colors, dyes & stains, 20%					
	West Germany					
	East	13	0.5-10.0	2.1	*20.4-1.8	*6.1
	West	3	2.1-3.2	2.2	*18.7-0.7	*10.0
	Japan					
	East	3	2.0-7.4	4.9	*22.8-1.8	*18.4
	West	2	1.4-5.5	3.5	*1.7-11.3	4.8
407.8500	Drugs, 12.5% + 1.7¢/lb.					
	West Germany					
	East	2	3.8-5.9	4.9	*7.6-*4.9	*6.3
	West	1	10.2	10.2	*8.1	*8.1
	Japan					
	East	1	1.7	1.7	*3.6	*3.6
	West	5	0.3-4.5	0.8	*16.6-0.0	*12.2

See footnotes at end of table

Table 5.--Changes in dutiable value and duty-paid price at different ports of entry under the c.i.f. alternate of the proposed standard with January 1, 1972 rates of duty--395 selected import entries during the years 1967-71--continued

TSUSA item	Commodity, rate of duty, country of origin and coastal region of port of entry 1/	Number of entries	Increase in dutiable value of c.i.f. alternate over f.o.b. alternate		Increase in duty-paid price of c.i.f. alternate over current duty-paid price	
			Range	Median	Range	Median
446.1500	Synthetic rubber, 3%					
	Japan					
	East	1	14.7	14.7	0.4	0.4
	West	1	7.5	7.5	0.2	0.2
532.2400	Glazed ceramic tiles 22.5%					
	United Kingdom					
	East	2	12.6-14.0	13.3	3.0-5.3	4.2
	West	2	11.9-28.3	20.1	2.0-4.2	3.1
	Japan					
	East	9	9.3-21.7	16.2	1.6-3.4	2.6
	West	6	10.7-20.0	15.2	1.8-3.6	2.5
533.2800	Earthenware, 21% + 10¢/dz. 2/					
	United Kingdom					
	East	5	1.7-12.8	12.1	0.3-1.1	1.0
	West	1	2.3	2.3	0.6	0.6
533.6600	Non-bone china or subporcelain, 36% + 10¢/dz.					
	Japan					
	East	1	9.2	9.2	2.7	2.7
	West	5	3.3-12.0	6.9	2.0-14.7	2.9

See footnotes at end of table

Table 5.---------- Changes in dutiable value and duty-paid price at different ports of entry under the c.i.f. alternate of the proposed standard with January 1, 1972 rates of duty--395 selected import entries during the years 1967-71 --continued

TSUSA item	Commodity, rate of duty, country of origin and coastal region of port of entry 1/	Number of entries	Increase in dutiable value of c.i.f. alternate over f.o.b. alternate		Increase in duty-paid price of c.i.f. alternate over current duty-paid price	
			Range	Median	Range	Median
608.8420	Iron & steel plates, 7.5%					
	Japan					
	East	2	17.2-20.9	19.1	0.8-1.0	0.9
	West	2	10.3-12.3	11.3	0.7-0.8	0.8
608.8440	Iron & steel sheets, 7.5%					
	Japan					
	East	7	9.7-16.9	10.9	*1.7-1.0	0.5
	West	6	7.4-18.8	13.4	0.4-1.0	0.8
608.8744	Iron & steel sheets, 8%					
	West Germany					
	East	1	9.5	9.5	2.1	2.1
	West	2	14.9-17.2	16.1	0.6-1.0	0.8
	Japan					
	East	10	8.7-12.5	10.9	*0.2-0.8	0.3
	West	4	5.8-10.5	8.3	0.1-0.7	0.3
608.8840	Stainless steel sheets, 10%					
	Japan					
	East	5	3.0-7.2	6.4	*0.2-0.4	0.1
	West	9	3.4-6.5	5.1	*0.6-0.6	0.3
	France.					
	East	1	1.2	1.2	0.1	0.1
	West	2	4.0-4.4	4.2	0.4-0.7	0.6

See footnotes at end of table

Table 5.--Changes in dutiable value and duty-paid price at different ports of entry under the c.i.f. alternate of the proposed standard with January 1, 1972 rates of duty--395 selected import entries during the years 1967-71 --continued

TSUSA item	Commodity, rate of duty, country of origin and coastal region of port of entry 1/	Number of entries	Increase in dutiable value of c.i.f. alternate over f.o.b. alternate		Increase in duty-paid prices of c.i.f. alternate over current duty-paid price	
			Range	Median	Range	Median
608.9430	Coated or plated sh sheets of iron and steel, 9%					
	Japan					
	East	8	0.5-15.4	10.8	*0.5-1.5	0.8
	West	8	7.0-16.1	7.8	0.3-1.2	0.7
672.1540	Sewing machines, 5%					
	Japan					
	East	3	5.5-6.4	5.8	0.2-0.3	0.3
	West	10	3.8-10.2	4.7	0.2-0.4	0.2
678.5050	Machines containing tape players, 5%					
	Japan					
	East	2	3.2-6.1	4.7	0.1-0.3	0.2
	West	5	0.4-13.8	2.3	0.0-0.6	0.1
685.3000	Radio phonograph combinations, 6.5%					
	Japan					
	East	3	4.4-9.0	8.7	0.3-0.5	0.5
	West	1	3.8	3.8	0.2	0.2
692.1020	Automobiles, 3%					
	Sweden					
	East	2	4.7-12.0	8.4	*0.5-0.1	*0.2
	West	1	10.7	10.7	0.2	0.2
	United Kingdom					
	East	7	2.8-46.6	6.7	0.1-1.6	0.7
	West	3	5.5-16.4	7.9	0.5-1.1	1.0

See footnotes at end of table

Table 5.---------- Changes in dutiable value and duty-paid price at different ports of entry under the c.i.f. alternate of the proposed standard with January 1, 1972 rates of duty---395 selected import entries during the years 1967-71 --continued

TSUSA item	Commodity, rate of duty, country of origin and coastal region of port of entry 1/	Number of entries	Increase in dutiable value of c.i.f. alternate over f.o.b. alternate		Increase in duty-paid price of c.i.f. alternate over current duty-paid price	
			Range	Median	Range	Median
	West Germany					
	East	19	*25.2-15.0	6.8	*1.0-0.6	0.3
	West	12	5.7-15.2	10.6	0.0-0.7	0.4
	Italy					
	East	3	3/ 12.0	12.0	*0.1-0.2	0.0
	West	3	4/ 4.7-8.8	6.8	0.0-0.1	0.0
	Japan					
	East	13	7.9-18.0	12.7	0.2-0.7	0.4
	West	11	7.2-24.7	10.6	0.2-1.1	0.5
692.3500	Tractors, 5.5%					
	Italy					
	East	2	4.5-8.5	6.5	0.2-0.4	0.3
	West	1	6.0	6.0	0.3	0.3
	Japan					
	East	2	3.9-5.9	4.9	0.2-0.3	0.3
	West	1	6.2	6.2	0.3	0.3
692.5040	Motorcycles, 5%					
	Japan					
	East	2	7.1-11.5	9.3	0.3-0.5	0.4
	West	4	4.2-5.3	5.0	0.2	0.2
692.5080	Motorcycles, 5%					
	Japan					
	East	1	4.8	4.8	0.2	0.2
	West	3	3.3-5.2	4.6	0.2	0.2

See footnotes at end of table

Table 5.--Changes in dutiable value and duty-paid price at different ports of entry under the c.i.f. alternate of the proposed standard with January 1, 1972 rates of duty--395 selected import entries during the years 1967-71--continued

TSUSA item	Commodity, rate of duty, country of origin and coastal region of port of entry 1/	Number of entries	Increase in dutiable value of c.i.f. alternate over f.o.b. alternate		Increase in duty-paid price of c.i.f. alternate over current duty-paid price	
			Range	Median	Range	Median
694.6000	Aircraft parts, 5%					
	Canada					
	(Air) East	3	0.0	0.0	0.0	0.0
	(Air) West	1	0.0	0.0	0.0	0.0
700.5320	Boots, 37.5%					
	Korean Republic					
	East	1	16.1	16.1	3.9	3.9
	West	2	1.1-14.8	8.0	0.3-3.7	2.0
700.5545	Footwear for women & misses, 6%					
	Japan					
	East	15	6.6-18.9	10.8	0.3-1.3	0.6
	West	6	7.7-19.2	10.0	0.4-0.9	0.7
706.6035	Luggage, 20%					
	Japan					
	East	4	17.3-26.2	19.4	2.5-5.2	2.8
	West	3	0.8-6.3	1.0	0.1-1.0	0.2
712.4900	Automatic control instruments, 10%					
	Canada					
	(Air) East	6	0.0	0.0	*8.7-2.3	0.0
	(Air) West	1	0.0	0.0	0.0	0.0
	West Germany					
	East	3	5.0-10.9	9.2	0.1-0.9	0.8
	West	1	8.1	8.1	0.7	0.7

See footnotes at end of table

Table 5.--Changes in dutiable value and duty-paid price at different ports of entry under the c.i.f. alternate of the proposed standard with January 1, 1972 rates of duty--395 selected import entries during the years 1967-71--continued

TSUSA item	Commodity, rate of duty, country of origin and coastal region of port of entry 1/	Number of entries	Increase in dutiable value of c.i.f. alternate over f.o.b. alternate		Increase in duty-paid price of c.i.f. alternate over current duty-paid price	
			Range	Median	Range	Median
	Japan					
	East	1	3.2	3.2	0.3	0.3
	West	5	3.0-7.0	6.0	0.3-0.6	0.5
737.2020	Dolls, 17.5%					
	Hong Kong					
	East	5	5.5-32.4	9.7	0.8-3.8	1.4
	West	1	18.9	18.9	2.4	2.4

1/ Ocean transportation except where indicated otherwise. 2/ Rate of duty is temporary under 923.01. 3/ FAS value not available for 2 entries. 4/ FAS value not available for 1 entry.
* Indicates decrease (negative value).

Source: Tariff Commission analysis of entry documents.

Table 6.--Changes in dutiable value and duty-paid price for different modes of transport under the c.i.f. alternate of the proposed standard with January 1, 1972 rates of duty--65 selected import entries during the years 1967-71

TSUSA item	Commodity, rate of duty, country of origin, and ports of entry	Number of entries	Increase in dutiable value of c.i.f. alternate over f.o.b. alternate		Increase in duty-paid price of c.i.f. alternate over current duty-paid price	
			Range	Median	Range	Median
			Percent	Percent	Percent	Percent
403.6000 1/	Cyclic intermediates, 12.5% + 1.7/lb. - West Germany to New York ports					
	Air	3	24.6-57.0	44.8	0.0-3.6	2.2
	Ocean	12	.5-9.6	4.2	*20.9-.5	*6.0
	West Germany to Great Lakes ports					
	Air	2	4.4	4.4	*6.1-.5	*2.8
	Ocean	3	.9-1.8	1.3	*5.5-.2	.1
685.2350	Radios, 10.4% - Japan to West Coast ports					
	Air	2	10.0-11.6	10.8	.9-1.0	1.0
	Ocean	11	2.3-10.4	4.4	.2-.9	.4
700.4540	Footwear for women, 10% - Italy to East Coast ports					
	Air	9	4.5-11.8	7.4	.4-1.0	.6
	Ocean	7	2.8-3.9	3.1	.3	.3
712.4900	Automatic control instruments, 10% Japan to East Coast ports					
	Air	5	2.7-17.3	6.0	.2-1.4	.5
	Ocean	1	3.2	3.2	.3	.3
	Automatic control instruments, 10% - West Germany to East Coast ports					
	Air	4	2.5-9.7	4.9	.2-.8	.4
	Ocean	2	9.2-10.9	10.1	.8-.9	.9
722.1640	Cameras, 7.5% - Japan to New York ports					
	Air	2	7.0-15.1	11.1	.5-.9	.7
	Ocean	2	1.6-2.0	1.8	.1	.1

1/ Increase in dutiable value figures represent transportation and insurance charges. Increase in duty paid price figures are distorted due to ASP effect on current dutiable value.

* Indicates decrease (negative value).

Source: Tariff Commission analysis of entry documents.

Table 7.--Selected entries of Final List articles during 1969-71: Dutiable value and duty-paid price 1/ under Final List standards and under the proposed F.O.B. alternate

TSUSA item	Commodity and rate of duty	Dutiable value				Duty-paid price			
		Entries examined	As appraised under Final List standards	If appraised under f.o.b. alternate	Change if appraised under f.o.b. alternate	Entries examined	As appraised under Final List standards	If appraised under f.o.b. alternate	Change if appraised on under f.o.b. alternate
		Number	1,000 dollars	1,000 dollars	Percent	Number	1,000 dollars	1,000 dollars	Percent
157.1000	Candy, 7%	15	200	191	-4.5	10	213	213	-0.3
182.2000	Baked articles, biscuits, etc., 3%	26	146	137	-6.5	12	115	115	-0.2
240.1420	Birch plywood, 7.5%	19	227	217	-4.0	13	177	176	-0.4
40, 60									
310.5045	Syn yarn, 3¢/lb. + 2.5%	3	81	80	-0.6	1	34	34	-0.2
346.6040, 60	Pile fabrics of man-made fibers, 15¢/lb. +25%	8	17	17	0.0	1	4	4	0.0
347.5500	Ribbons of man-made fibers 15¢/lb. + 11%	3	16	16	0.0	-	-	-	-
446.1500	Synthetic rubber, 3%	24	371	377	1.8	23	405	405	0.1
473.3000	Syn iron-oxide, 5%	8	30	30	-1.5	6	26	26	-0.1
493.5000	Prod. for fin. & prep., textiles, n.s.p.f., 6%	2	14	14	0.0	-	-	-	-
540.4100	Glass rods cont. 95% silica by weight, 7%	6	56	56	-0.4	3	58	58	-0.1
547.5500	Pharmaceutical, hygenic & lab. glassware cont. not over 95% silica by weight, 21%	6	4	4	0.0	-	-	-	-
653.9720	Cookware, 1¢/lb. + 2.5%	3	8	8	0.0	-	-	-	-
683.7000	Flashlights, 35%	10	39	39	0.0	1	32	32	0.0
692.1020	Automobiles, 3%	93	32,095	34,462	7.4	79	35,981	36,041	0.2
692.5040, 80	Motorcycles, 5%	12	467	467	0.0	9	431	431	0.0
694.6000	Parts of airplanes, other, 5%	10	1,205	1,205	0.0	6	1,308	1,308	0.0
709.2340	Surgical needles, 16%	2	1	1	0.0	-	-	-	-
722.7500	Exposure meters, 4.5%	2	6	6	0.0	-	-	-	-
723.0515, 35	Motion picture film, 5%	4	46	44	-4.2	-	-	-	-
	Grand total	256	35,029	37,371	6.7	164	38,784	38,843	0.2

1/ Based on Jan. 1, 1972 rates of duty.

Source: Tariff Commission analysis of entry documents

Table 8.--U.S. general imports by selected commodity groupings and methods of transportation, 1970

Commodity group	All methods of transportation	Vessel	Percent of total	Air	Percent of total	Other	Percent of total
	Million dollars	Million dollars		Million dollars		Million dollars	
Grand total	39,963.2	24,783.3	62.0	3,415.1	8.5	11,764.8	29.5
Food and live animals	5,378.9	4,523.4	84.1	48.5	.9	537.9	10.0
Beverage and tobacco	855.0	658.6	77.0	7.5	.9	188.9	20.1
Crude materials, except fuels - inedible	3,312.2	1,918.6	57.9	79.1	2.4	1,314.5	39.7
Mineral fuels, lubricants and related materials	3,080.8	2,057.4	66.8	1/	2/	1,023.4	33.2
Animal and vegetable oils and fats	159.6	158.5	99.3	1/	2/	1.1	.7
Chemicals	1,450.3	966.9	66.7	122.0	8.4	361.4	24.9
Manufactured goods classified chiefly by material	8,437.4	5,549.3	65.8	405.3	4.8	2,482.8	29.4
Machinery and transportation equipment	11,171.3	5,611.4	50.2	1,029.2	9.2	3,530.7	31.6
Miscellaneous manufactured articles	4,843.9	3,090.0	63.8	1,361.8	28.1	392.1	8.1
Commodities and transactions not classified according to kind	1,273.8	249.4	19.6	361.8	28.4	662.6	52.0

1/ Less than $100 thousand.
2/ Less than 0.1 percent.

Source: Bureau of the Census, Highlights of U.S. Export and Import Trade, December 1970.