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UNITED STATES TARIFF COMMISSION

CUSTOMS VALUATION

**Staff Report to the Commission
on Investigation No. 332-68 under
Section 332 of the Tariff Act of 1930**



**T. C. Publication 501
Washington, D. C.
July 1972**

UNITED STATES TARIFF COMMISSION

Catherine Bedell, *Chairman*

Joseph O. Parker, *Vice Chairman*

Will E. Leonard, Jr.

George M. Moore

J. Banks Young

Italo H. Ablondi

Kenneth R. Mason, *Secretary*

Address all communications to
United States Tariff Commission
Washington, D. C. 20436

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INTRODUCTION

Origin and Objectives of Study

The Senate Committee on Finance, in its report on the then pending "Trade Act of 1970", expressed the need for extensive research on certain matters relevant to its review of U.S. foreign trade policies. ^{1/} 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. On April 21, 1971, the Committee and its Subcommittee 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.

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). Letters from the Committee and Subcommittee and the notice of investigation are reproduced in Appendix A.

^{1/} Senate Report No. 91-1431 on H.R. 17550, page 283. The bill was reported favorably to the Senate in the last days of the second session but failed enactment. Section 362 of the bill directed the Tariff Commission to undertake studies on certain important issues relating to U.S. trade policy.

Two related reports on customs valuation were made by the Commission in 1966 and 1967. On February 9, 1966, the Senate Finance 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. The Finance Committee directed the Commission to prepare both a preliminary and a final report. In its preliminary report, 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 preliminary report was submitted to the Finance Committee in July 1966 and published as Tariff Commission Publication 180. The final report, submitted to the Finance Committee in February 1967, was not published.

In 1965, the Special Representative for Trade Negotiations, at the direction of the President, requested the Tariff Commission to determine those rates of duty, which, if applied to products subject to valuation under the "American selling price" standard; would produce the same amount of revenue under the regular valuation provisions as the then effective rates were producing under the special provisions applicable to such products. A report giving the "converted" rates as requested was submitted to the Special Representative in July 1966, and was published as Tariff Commission Publication 181.

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 appraisal--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 (loosely termed f.o.b. standards), and those based on the value of the merchandise at a place in the importing country (loosely termed

c.i.f. standards). 1/ 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: 2/

. . . 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/ A more specific designation of what is loosely referred to as f.o.b. or free-on-board and a designation more consistent with commercial practice is f.a.s. (free alongside) carrier at port of export. Similarly, a more specific designation of what is commonly referred to as c.i.f. or cost, insurance and freight is ex-dock port of entry. The essential difference between the loose 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.

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

market. Thus, whatever type of customs valuation system may ultimately 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 considering the compilation of both f.o.b. and c.i.f. import data on a product by country basis in the detail of the Tariff Schedules.

PART I. CURRENT CUSTOMS VALUATION REQUIREMENTS

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 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, 25 countries, mostly European, are members of the Convention. Of these 25 countries, 10 (the 6 original members

of the European Economic Community plus the United Kingdom, Norway, Denmark, and Sweden) were selected for special study of their valuation practices 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 five other countries (Australia, Brazil, Canada, Japan 1/, 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.

1/ Japan is expected to change over to The Brussels Definition in the spring of 1973 or earlier.

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 <u>1/</u>	U.S. imports	U.S. exports
	<u>percent</u>	<u>percent</u>	<u>percent</u>
83 countries applying the Brussels Definition-----	57.5	35.1	42.5
25 members of the Convention----	51.0	28.2	34.3
10 selected countries-----	42.8	24.1	27.6
13 other countries-----	8.2	4.1	6.8
58 non-members-----	<u>2/</u> 6.5	6.9	8.1
Countries not applying the Brussels Definition-----	42.5	64.9	57.5
United States-----	13.6	-	-
5 selected countries-----	14.3	48.6	39.9
All other countries-----	14.5	16.3	17.6

1/ Data exclude Communist bloc countries.

2/ 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 November 15, 1971, 80 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

^{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 B-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 B 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 appraisal 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, established in 1947, 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

January 1972, 66 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 January 1972, the following 25 countries, including most of Western Europe, were Contracting Parties to the valuation convention: ^{2/}

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

An additional 58 countries, as listed below, at least nominally applied the Brussels Definition of Value as of January 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.

^{2/} The Japanese Minister of Foreign Affairs made a preliminary decision in January 1972, to apply the Brussels Definition of Value subject to approval by the Diet.

Africa

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

Americas

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

Asia

Israel*	Malaysia*	Timor
Laos	Singapore	Yemen

Australasia

Fiji

Europe

Czechoslovakia	Iceland*
Cyprus*	Malta*
Hungary	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

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 accounted for 58 percent of world imports in 1970, whereas member countries alone accounted for 51 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. The Notes explain the theory and practice of valuation under the Definition, both in general terms and with regard

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

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 the import duty becomes payable" is ambiguous. The Interpretative Notes, instead of clarifying the ambiguity, permit countries to choose between (a) the time at which the entry is presented or registered, (b) the time of payment of customs duty, or (c) the time of clearance. This latitude of choice could in some instances make substantial differences in dutiable value of goods. For example, under option (c), costs of transportation and warehousing in the importing country could be included in the dutiable value of goods upon their release from customs bonded warehouses.

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, 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

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. Some countries do not include 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 understanding 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 importers 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 appraisement 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 and must often 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.

Common Market countries.--In 1968, the six common market 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 pay duty 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 Common Market 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 B3. 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 Common Market 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, is 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.

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, Norway, and Ireland have agreed to join the European Community effective January 1, 1973, subject to domestic enabling authority in each of the four countries. Accession would involve acceptance of the Community's common customs valuation regulations outlined above. All of these four countries are now members of the Brussels Valuation Convention and their acceptance of the Community regulation is not expected to involve significant change in the customs valuation requirements of these four countries.

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 appraisal 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 15 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."

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, 3/ 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/ Provisions of U.S. Customs valuation law are reproduced in Appendices B4, C, D, and E. An historical perspective to U.S. customs valuation is presented in Appendix F.

2/ See Appendix B4 for notional content in U.S. standards--sections 402 (c), (d), (e), and (g)(1) and 402a (f) and (g).

3/ 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 C 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. A study conducted by the Bureau of Customs of all entries appraised under section 402a during the month of April 1965 indicated that the duties collected on these entries would have averaged only 1.0 percent less if appraisal had been under section 402 instead of section 402a. Thus, it appears that the difference in appraised value under the two sections may have narrowed since 1954. (see appendix H, table 3).

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

<u>Section 402</u>	<u>Section 402a</u>
Export value	Foreign value
United States value	Export value
Constructed value	United States value
American selling price	Cost of production
	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

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 D 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:

<u>Articles</u>	<u>Subsystems, standards and order of application</u>
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 <u>1/</u> 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 <u>1/</u> 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 <u>1/</u> | As defined in section 402: <ul style="list-style-type: none"> 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 <u>2/</u> | As defined in section 402a: <ul style="list-style-type: none"> a. American selling price b. Foreign value or export value, whichever is greater c. United States value d. Cost of production |

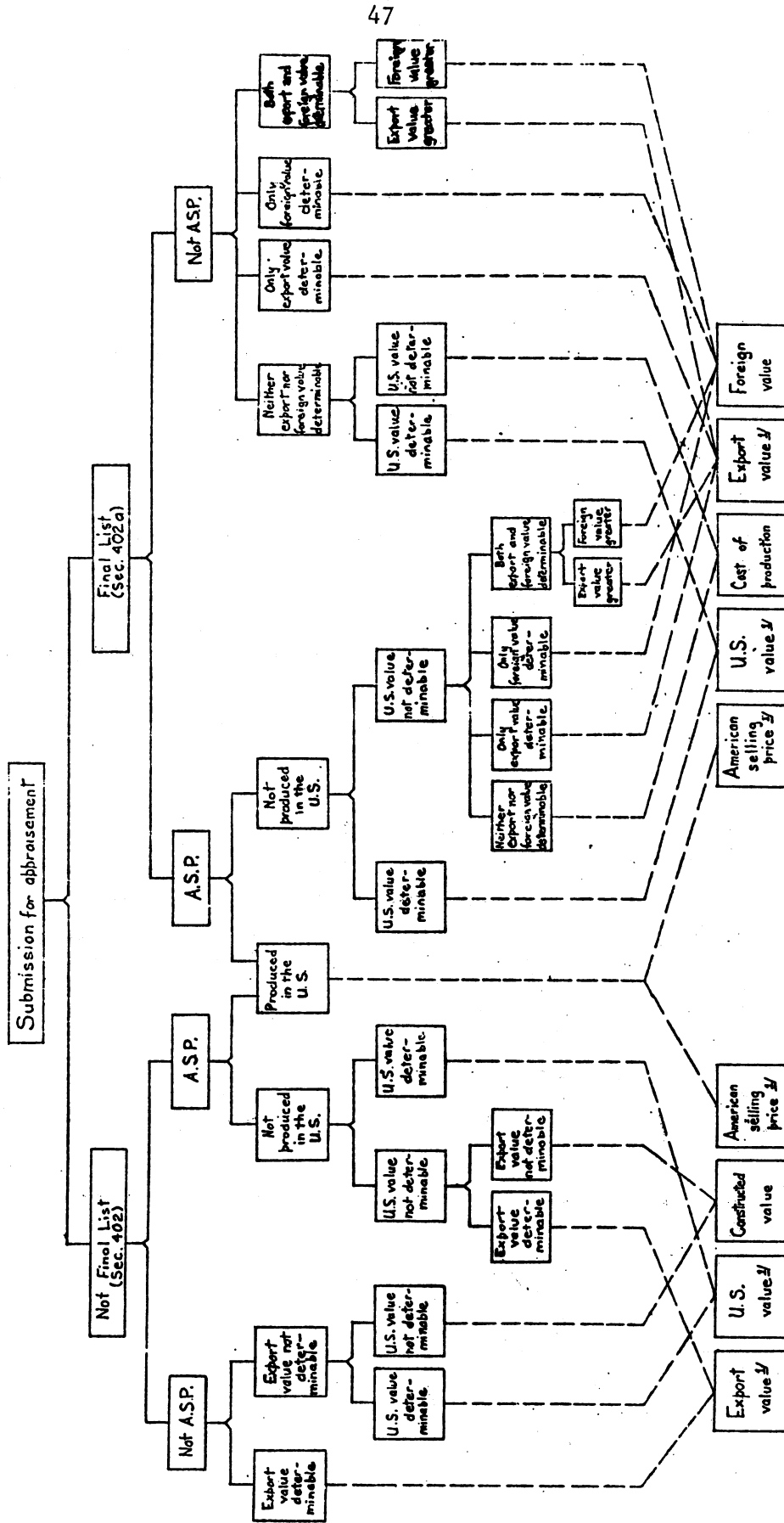
Under any of these subsystems, customs may use the "all reasonable ways and means" authority provided by section 500. The order of precedence for the use of these standards under the first four subsystems is shown diagrammatically on the following page.

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

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



Determinations required

Standards selected

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 <u>1/</u>	: Total value :	: Percent of total
	: <u>Billion</u> :	
	: <u>dollars</u> :	
	: :	
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 H, 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

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.

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 H, 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

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 and any intermediary agent's commission (which importers claim

to be a cost associated with transporting the goods to the port of export) may thus become subject to duty. This issue is 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 procedure

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 E.

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 the period from October 1, 1970 to December 31, 1971, 1,459 summons were filed (civil actions are commenced by filing a summons and paying a fee) concerning customs appraisements. During fiscal year 1971, the customs courts decided 51 valuation issues affecting hundreds of shipments. The results of the rulings during that period were 33 issues won by the government involving \$2.8 million in contested duties and 18 issues won by importers involving \$8.4 million 1/

1/ Includes one unsettled case before the Court of Customs and Patent Appeals involving \$7.6 million which has been remanded to the lower tribunal (Customs Court) for review of additional pertinent data.

in contested duties. 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 judicial precedent 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

In 1970, countries which did not apply the Brussels Definition accounted for 42 percent of free world imports, were the source of 65 percent of U.S. imports, and were the market for 58 percent of U.S. exports. Five of these non-Brussels countries, other than the United States, were selected for special study in this report: Australia, Brazil, Canada, Japan, 1/ and Mexico. These five countries for the same year together accounted for 14 percent of free world imports; were the source of 49 percent of U.S. imports, and were the market for 40 percent of U.S. exports. Australia and Canada generally base dutiable value on domestic prices in the country of exportation, Brazil and Japan fix dutiable value at the port of importation, and Mexico uses "official prices" established by the government. Detailed accounts of the valuation practices of these five countries are given in the following pages.

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

1/ Japan is expected to change over to the Brussels Definition in the spring of 1973 or earlier.

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 1972.

2/ See appendix B9 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 made in 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

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 anti-dumping 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 B10 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 B11 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/

The Japanese Minister of Foreign Affairs made a preliminary decision on January 11, 1972, to accede to the Brussels Convention on

1/ See appendix B12 for the text of the Japanese valuation provisions.

Valuation and apply the Brussels Definition of Value. This decision was reached after initial approval by the Japanese Tariff Commission on December 12, 1971. The Minister has submitted a bill to the Congress and it is expected that the bill will be approved and take effect, on April 1, 1973. Accession to the Brussels Convention will involve relatively little change from present Japanese valuation practices.

Current Japanese law provides a primary valuation standard and four alternate standards, all of which value imports c.i.f. port of importation. The primary standard equates dutiable value with the price of the imported goods sold in ordinary wholesale quantities at arms-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 are used in calculating dutiable value in lieu of the actual expenses of air freight.

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

- (1) The invoice price of the imported goods is 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 is 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 cannot be computed in accordance with the preceding standards, it is 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 is then adjusted to a c.i.f. basis.
- (4) Finally, when all other methods fail, dutiable value is 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 is used as a basis for determining dutiable value, customs makes 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 amount 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 is 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 does not appear to be a major problem in trading with Japan.

A person or firm who is not satisfied with an appraisement may submit, within a month, a complaint to the District Director in writing. The District Director has one month from receipt of the complaint to decide the case and inform the complainant, in writing, of his decision. If the complainant is not satisfied with the decision of the District Director, he may, within a month of receipt of the decision, submit a written request for review to the Minister of Finance, who will make a final decision after consultation with the Customs Duties Complaint Examination Council. This group, consisting of a president and eight or fewer members, is appointed by the Minister of Finance. It consists of individuals who are knowledgeable and experienced in the field of trade, who serve for two years. The Council investigates all disputes over customs duty that are not resolved at a lower level, and makes recommendations to the Minister of Finance. If the complainant is not satisfied with the decision of the Minister of Finance, he may file suit in the Federal Court of Japan. There is no specified time limit for this appeal. In 1968 three valuation cases reached the District Customs Directors and there were none in 1969.

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 B13 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 and Japanese 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

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, Japan, 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, Canada, 1/ and Japan 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, Japan, 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 market of the United States 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 and Japanese standards 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 the 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 the 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, Japanese law provides that the expenses of the usual method of transportation other than air be used in lieu of the expenses of air transportation. The EEC countries include the full costs 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 EEC similarly prorates sea and land transport costs to an interior port on the basis of costs to the customs border of the EEC.

Expenses associated with place for American Selling Price are those required to place the domestic article in the principal U.S. market for that domestic article. 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 and Japan specify usual or ordinary 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 quantities." 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. The Japanese law specifies "the ordinary wholesale quantity." In practice, however, both the United States and Japan usually value the actual quantity under appraisement.

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.

The United States and Japan 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 value 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 equates 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, Japan, 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. Japan, under its first alternate standard, may adjust the invoice price to conform to the conditions specified by its primary standard, using whatever techniques are considered necessary. 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. 1/

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. standard of American Selling Price, and the minimum import values involved in the variable levy system imposed on certain agricultural products by the EEC 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 non-dutiable 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

1/ See page 42.

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, Japan, and the United States (under section 402). 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 merchandise. Import transaction prices, and primarily such prices 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, under the final Japanese alternate standard, and under the United States value and

American selling price standards used by the United States. All of 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 EEC 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, Japan, 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's 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.

PART II. PROPOSED UNIFORM INTERNATIONAL STANDARDS
FOR CUSTOMS VALUATION

Considerations for Proposed Uniform Standards
for 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 the proposed uniform international standard 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 equitable 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's staff 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 principles are not mutually exclusive; they are obviously inter-related in varying degrees. They are described in more detail 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. 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.

Insofar as ad valorem tariffs are concerned, however, it seems clear that, so long as they are among the instruments used by sovereign 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 appraisalment.

3. Simplicity.--The 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 minimize 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 explicitly 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.

On balance, it appears that the requirements for a uniform international valuation system can best be met by formulating a single notional standard to be applied to all imports without exception.

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 guide or 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 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 a 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. It would not be feasible, however, 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. Of the choices for a determinable time, the date of importation is preferable for the reason that it is conceptually compatible with the discussions of place which follow.

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.

As a practical matter, however, whatever the ultimate choice on place, it seems better to take as the starting point for the appraisement of imported goods the actual place and time of importation rather than the value at some other place and time. Use of c.i.f. port of entry as a base for the determination of value, however, does not preclude the construction of an f.o.b. value by deducting from such c.i.f. value the cost of freight, insurance, and other charges back to the port of export.

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

1. C.i.f. alternate for place.--The dutiable value of imported goods should include all the costs necessary to produce a product and to deliver it to market. 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 under a free trade situation.

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 costs. 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 costs incurred by the more distant supplier are offset by his lower cost of production. 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 in a free trade situation. When the duty is levied c.i.f., this competitive

relationship is not disturbed. However, when the duty is levied f.o.b., the free-trade competitive situation is upset and the distant supplier has a price advantage in the importing country.

<u>Country</u>	<u>Production cost</u>	<u>Shipping cost</u>	<u>Landed cost</u>	<u>50% duty</u>		<u>Landed cost including duty</u>	
				<u>c.i.f.</u>	<u>f.o.b.</u>	<u>c.i.f.</u>	<u>f.o.b.</u>
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 distorts trade by favoring a domestic industry, but this is taken for granted when protective tariffs are imposed. F.o.b. valuation results in an additional 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 in the absence of a tariff or with c.i.f. valuation. 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, it is usually 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 would 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.

2. F.o.b. alternate for place.^{1/}--The f.o.b. alternate for place assumes that tariff levies against foreign goods, whether for protective or revenue purposes, should be solely against the "costs of production" rather than against those costs plus the "costs of transportation services."^{2/} Implicitly, the f.o.b. concept assumes that the tariff levy should be designed to reduce or minimize differences in the costs of production between countries and in so doing avoid added burdens of taxation upon the cost of transportation services that are not incident to the origination or manufacture of the goods themselves.

^{1/} The f.o.b. system here suggested is a quasi- or pseudo-f.o.b. system rather than f.o.b. in its pure conceptual context. That is, there would seem to be cogent, practical reasons for accepting the country of importation as the place for valuation purposes with all the attributes of the suggested c.i.f. system, except that the f.o.b. value for customs purposes would be determined by subtracting out the cost of transportation services against the merchandise.

^{2/} The term "costs of production" is used in this section of the report in a loose sense to embrace all costs in the foreign country prior to exportation, and the term "costs of transportation services" is used to describe the costs incurred on goods from the port of exportation in the producing country to the port of entry in the importing country.

Unlike the c.i.f. system, the f.o.b. valuation results only in an impost on the cost of production. Its incidence is upon the costs of such production--not on services unrelated to the manufacture of the product in question. Unlike the c.i.f. system, the f.o.b. basis of valuation does not increase any of the advantages or disadvantages that might in the first instance have been attributable solely to the chance factor of location. Unlike the c.i.f. system which makes the cost of transportation services a dutiable factor, thereby penalizing the distant country relative to the nearby country, the f.o.b. system does not. Unlike the c.i.f. system which sharply penalizes the more distant of two countries having approximately the same cost of production, the f.o.b. system does not. Unlike the c.i.f. system, which tends to disadvantage the domestic consumer by restricting imports that might otherwise have been available at a lower cost, the f.o.b. system does not.

In any consideration of one system of valuation as against another, the criterion of fairness is, of course, critical. Within the United States, the f.o.b. policy has its genesis in the Constitution in which it is implicitly recognized that taxes levied on a basis of c.i.f. value might have the effect of diverting trade from one port to another more favorably situated in relation to the foreign supplier. The usage of f.o.b. customs valuation lies at the heart of the doctrine of equity and fairness which has long been the touchstone of our trade policy.

In addition, 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". This principle of fairness is the cornerstone of U.S. foreign and domestic trade policy. It is the quintessence of the most-favored-nation policy espoused in the various commercial and trade agreements to which the United States is a contracting party.

Manifestly, there are difficulties involved in achieving equality or fairness of tariff treatment for like products from different foreign sources, but such difficulties should not forestall bona fide efforts to achieve such equality of treatment to the greatest degree practicable.

The principle of fairness supports an f.o.b. approach to valuation. In this connection, it should be noted that the selection of a c.i.f. system as the basis for the Brussels Definition 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. Accordingly, 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 system should be analyzed on the basis of its inherent, essential merit relative to other possible systems.

The c.i.f. alternate for place assumes, without demonstrating, that the dutiable value of imported goods should include all costs necessary to produce a product and to deliver it to market. Such c.i.f. value and certain of the cost factors embraced therein are indeed valid and useful analytical tools for comprehending the flow and patterns of trade. It does not follow, however, that the analytical benefits from the availability of such c.i.f. data validates the c.i.f. concept as complying with the principle of equity and fairness, as enunciated by the Committees.

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. From a producer's point of view, the costs of moving his product from the factory to the market place are relatively fixed or stable 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, although greatly influenced by the economic environment in the host country, are susceptible to modification by his introducing efficiencies whereby productivity can be maximized and unit costs minimized.

Although the price of goods may be unrelated to the cost of producing and marketing them, the converse is generally true.

It is this latter situation--where such prices are substantially determined by costs--that is here at issue for the reason that it is this situation that manifests the adverse effect of the costs of transportation on distant sources. The costs of production are far from uniform within a particular country or customs union and are even more disparate in the countries throughout the world. Moreover, the costs of bringing goods from the foreign country of production to the port of entry of the importing country vary widely depending both upon the distances traversed, the availability of shipping, and other factors. Clearly, then, the costs and hence the prices of like goods from the same or different sources will differ--often, materially. An ad valorem rate of duty applied to the costs of transportation services provides a relatively fixed or stable increment of cost because transportation costs are fixed; applied to production costs, it provides an increment of cost which is variable because it is at least partially subject to the producer's control. The latter variable increment tends to encourage efficiencies of production and thus provide benefits which may inure, at least in part, to the consumer, whereas the fixed increment resulting from imposition of a duty on transportation costs aggravates the adverse effect of such costs on distant suppliers, thereby discriminating against them, and may result in increased prices to consumers.

The marked effect or tendency of the c.i.f. valuation system to discriminate against distant sources can best be illustrated by comparing its impact on the transportation burden imposed on like goods from a country contiguous to the importing country, from a nearby but not contiguous country, and from a more distant country. By aggravating the adverse effects of transportation costs and thereby discriminating against the more distant source, c.i.f. valuation may serve to encourage a less efficient nearby producer at the expense of a more efficient but more distant producer.

The aggravation of c.i.f. valuation in relation to costs of transportation services is clearly demonstrated by a simple arithmetical illustration:

	<u>Contiguous source</u>	<u>In-between Source</u>	<u>Distant source</u>
Costs of transportation services-----	0	\$5.00	\$10.00
Duty of 50% ad valorem-----	<u>0</u>	<u>2.50</u>	<u>5.00</u>
Transportation burden-----	0	7.50	15.00

Thus, the aggravation is illustrated by the fact that the ad valorem percentage of duty applied to the costs of transportation has in itself further increased the transportation disadvantage of the distant source by \$5.00 with respect to the contiguous source and \$2.50 with respect to the in-between source.

The nearby producer, whether his goods are valued on a c.i.f. or f.o.b. basis, incurs neither the costs of transportation services nor a duty on those costs, because he is contiguous to the importing country, whereas the more distant producer--although possibly more efficient in production--is burdened not only with transportation costs but also, under a c.i.f. system, with a duty levied on those costs. The effect of this discrimination is to bind more tightly together those countries which are geographically close to each other, at the expense of more distant and often less developed countries.

It follows, therefore, that, in accordance with the principle of fairness previously discussed, the c.i.f. system of customs valuation, by reason of the inclusion therein of the costs of transportation services, inevitably discriminates or tends to discriminate between classes of traders. It also follows that, as between a c.i.f. and an f.o.b. system, the latter system is better designed so 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, and thereby provides for the rate of duty the sole role of expressing the quantum or degree of duty or the incidence of protection intended.

Quantity.--Theoretically, there are a number of 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 wholesale quantity. The first alternative is simple to administer, accords with commercial practice, and produces more reliable statistics. The second alternative insures that all imports of identical goods receive the same treatment as to quantity regardless of the quantity imported, but lacks simplicity, consistency with commercial practice, and statistical reliability, and is considerably more difficult to administer. Thus, a balanced consideration of all the principles of valuation 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 undervaluation, 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 I 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.

N.B.--The status of imports by exclusive distributors (or sole concessionaires) is germane both to the elements of transaction level and competitive conditions. Discounts granted to exclusive distributors for marketing services performed in the importing country, e.g., advertising, promotion technical service, or servicing of trade-marked goods under warranty, are excluded in their entirety from dutiable value by some countries, partially included and partially excluded by other countries, and included in their entirety by still others. Discounts granted for services performed by an exclusive importer, apparently for the benefit of the exporter, raise doubt as to whether the transaction price is freely offered or competitive. On the other hand, the benefits of such services in the importing country are inevitably divided or shared, but to an indeterminable degree, by both parties, so that administrative

decisions as to the portion of the discount, if any, to be allowed must to some extent be arbitrary. Furthermore, doubt is raised as to the conceptual fairness of collecting a duty on the value of such labor and services performed in the importing country, even though performed by the importer as a contractual obligation to the exporter. Suggestions for the solution of this problem are solicited.

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.

Proposed Valuation Standard

This custom valuation study has a limited purpose, which is to develop and suggest uniform standards of customs valuation for use by all nations. The related issue of U.S. customs simplification is not the thrust of this study. U.S. importers and producers may be more interested in the immediate issues of the final list and American selling price than in a customs valuation system for uniform use by all countries. Mere simplification of the present U.S. system, with retention of terminology and administrative and court interpretations peculiar to the United States, would not result in a system that could be recommended to other nations as a uniform international customs valuation system. Thus, this interim report, while recognizing a particular interest of the United States Government and business community in the U.S. valuation system, directs its proposals only to a uniform standard of customs valuation for international use as directed by the Senate Committees.

Criteria by which to judge the merits of proposed valuation standards for international use were discussed in the preceding section. Then, the various elements of a valuation standard were analyzed in light of the criteria and conclusions drawn with respect to the most desirable choices for each of the elements. These conclusions are that the proposed valuation system should provide a single notional base for valuation, the principal feature of which establishes customs value as the price that the imported merchandise would bring under fully competitive conditions; that valuation should be based on the actual

quantity and transaction level of the imports under appraisement; and that the time for determining value should be the time of importation but that this should be sufficiently flexible to permit acceptance of the actual transaction price provided there is timely delivery in due course of trade.

With respect to the highly significant element of place the report concludes that conceptually the base for valuation should be the port of importation. Two alternates with respect to adjustments to this base are proposed. One alternate would include all freight, insurance and other considerations to the place of "ex-dock port of entry" or, if entered at an inland port, its equivalent at the first port where entry might have reasonably been made. This alternate may loosely be termed c.i.f. The other alternate would deduct freight, insurance and other considerations back to the place of "alongside the carrier, port of exportation". This alternate may loosely be termed f.o.b.

Except for the adjustment for place in the f.o.b. alternate, the foregoing outline of the major elements desired in a uniform international customs valuation system is consistent with the Brussels Definition of Value. 1/

1/ It should be pointed out, as indicated in the second footnote on page 23 of this report, that the Brussels Definition allows some latitude of choice with respect to the specific time and place for valuation. A uniform international standard based on c.i.f. should be more specific than the Brussels Definition in that it should clearly exclude from dutiable value costs in the importing country of transportation and customs bonded warehousing. A uniform international standard should also be specific with respect to the place, as of which, transport and related charges are to be included in dutiable value. The standard herein proposed is specific in these respects.

There follows a proposed draft statute for a uniform international standard. In line with the foregoing discussion, the draft provides alternate proposals with respect to adjustments for place. Interested parties are particularly invited to comment on the merits of the two proposals with respect to adjustments for place as well as on the entire proposed standard.

The Proposed Standard

(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), less the expenses defined in paragraph (d).

- (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) 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.

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

CLAYTON P. ABRAHAM, N. MEEX	WALLACE F. BENNETT, UTAH
WILLIAM F. TALMADGE, GA.	CARL T. CURTIS, NEBR.
WALDO R. GALT, IOWA	JACK MILLER, IOWA
A. W. GALT, ARIZ.	LEN B. JORDAN, IDAHO
ALVIN K. GALT, CONN.	PAUL J. FARMER, ARIZ.
EDWARD R. GALT, OKLA.	CLIFFORD P. HANSEN, WYO.
JOHN W. P. GALT, JR., VA.	ROBERT P. GRIFFIN, MICH.
EDWARD WILSON, WIS.	

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 E. LEWIS, LA., CHAIRMAN
 BLANTON P. ANDERSON, N. MEX. WALLACE F. BOWEN, UTAH
 EDWIN E. TALMADGE, CAL. CARL T. CURTIS, NEBR.
 JAMES H. H. S. IND. JACK MILLER, IOWA
 W. W. P. CT. ARK. LEN E. JORDAN, IDAHO
 STANLEY COFF, CONN. PAUL J. FANNIN, ARIZ.
 HED R. HARRIS, OKLA. CLIFFORD P. HANSEN, WYO.
 JERRY F. BYRD, JR., VA. ROBERT P. GRIFFIN, MICH.
 WYLAND 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. Notice of Investigation

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

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

Appendix B. 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.

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

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 transshipment, subject to transshipment being certified by the customs authorities of that port;
- (b) for goods carried by sea and then, without transshipment, 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;

* 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,

- (b) the price corresponds, at the time it is agreed upon, to prices in a sale in the open market between a buyer and a seller independent of each other, and
 - (c) that price is adjusted, if necessary, to take account of circumstances of the sale which differ from those on which the normal prices is based.
2. Adjustments under paragraph 1(c) may in particular be required with reference to:
- (a) the costs, charges and expenses mentioned in Article 1(2),
 - (b) reductions in price granted in favour of sole agents or sole concessionaires or any other person operating in comparable circumstances,
 - (c) abnormal rebates and any other reduction from the ordinary competitive price.

Article 10

1. For the purpose of Article 9, the price paid or payable may be accepted if the date of the contract precedes the date referred to in Article 5(a) or (b) by not more than six months.
2. Where goods are usually sold with a delivery period of between six months and twelve months, the six months' grace referred to in paragraph 1 may be extended to twelve months.
3. Where goods are usually sold with a delivery period of more than twelve months, the period of grace may be correspondingly increased, but shall however not exceed twenty-four months.
4. The goods for which the periods of grace referred to in paragraphs 2 and 3 can be allowed and the length of the period of grace admissible under paragraph 3 shall be determined in accordance with the procedure laid down in Article 17.
5. Where the goods are manufactured to order, the price paid or payable may be accepted for the purposes of Article 9 when delivery has been made within the agreed period.
6. If it is proved that reasons of force majeure or exceptional circumstances have caused the delivery period to exceed the period of grace admissible under paragraph 1 to 5, the latter period may be correspondingly extended.
7. The application of the periods of grace referred to in paragraphs 1 to 5 may be suspended in a period of abnormal price fluctuation, in accordance with the procedure laid down in Article 17.

Article 11

1. The price to be taken into account in determining the value for customs purposes of goods declared for direct home use shall be the cash price payable on the date specified in Article 5(a).
2. The following shall, however, also be taken to be cash prices.
 - (a) a price which, under the terms stipulated in the invoice or the contract, must be paid between the date of dispatch of the goods and the date specified in Article 5(a);
 - (b) a price payable later than the date specified in Article 5(a), if there is no provision for a discount for cash payment, or if proof of the existence of a different price for cash payment has not been furnished to the customs authorities.
3. The amount of the discount granted for cash payment shall not be included in the value for customs purposes if the rate of such discount is not higher than the normal rate in the branch of trade in question. Where the rate is higher, only the amount corresponding to the normal rate shall not be included in the value for customs purposes.
4. Subject to the provisions of paragraph 2(a), the amount of discount granted for payment in advance shall be included in the value for customs purposes.
5. Subject to the provisions of paragraph 2(a), if there is no provision for a discount for payment in advance, the price paid in advance must be adjusted to determine the cash price, on the assumption that in consideration of advance payment the buyer was granted a price reduction at least equal to the interest which he would have had to pay for a loan of the amount paid in advance. However, such adjustment shall not be made if the customs authorities are furnished with guidance that the price paid corresponds to the cash price.
6. Where goods are entered into home use after another customs procedure has been applied, the provisions of paragraphs 1 to 5 may be correspondingly adapted in accordance with the procedure laid down in Article 17.

Article 12

1. Where factors used to determine the value for customs purposes of goods are expressed in a currency other than that of the Member State where the valuation is made, the rate of exchange to be used shall be that which corresponds to the parity declared to and recognised by the International Monetary Fund, unless variations in the value of such currency exceed the limits fixed by the rules of the Fund.

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 appraisal. 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 reappraisal 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

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.

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 that 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.

* * * * *

^{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.

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 occurring 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 independent 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

a. Customs and Excise Act 1952

Part X

Section 258. Valuation of goods for purpose of
ad valorem duties 1/

- (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

1/ 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.

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 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.

* * * * *

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.

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/ 2/

(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/ The Japanese Minister of Foreign Affairs made a preliminary decision on January 11, 1972, to accede to the Valuation Convention and apply the Brussels Definition of value. It is expected that the Minister will submit a bill to the Congress and that the bill will be approved and take effect, probably on April 1, 1973.

2/ In effect as of July 1971. Library of Congress, January 1972.

- (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 Tariffa. 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

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 C. 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 DE
Alizarine fast brown G
*Alizarine fast violet FRL
*Alizarine geranol B
*Alizarine light blue 5GL
Alizarine light blue ESE
Alizarine light blue PG
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 DM
*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 BBL
*Benzamine brilliant green EG
*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 2BL
- *Chlorantine fast brilliant blue 2GLL
- Chlorantine fast brown 4RL
- Chlorantine fast brown 6GLL
- *Chlorantine fast gray 2BL
- 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 GRL
- *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 3RL
 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
 *Erioglaurine 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 SR
 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
 Lumicrase green 3LB
 Lumicrase 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 PRL
 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 BDN
 *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
 *Telon fast blue FGL

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
 Diketotindoline (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 biffuoride
 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 chloride
 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, ocrea cymbarum, not containing alcohol
 Oil, sage, not containing alcohol
 Oil, vetiver, 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 (chromic oxide), 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 GLASS- WARE—Continued

Glassware

Bell jars, glass
Cloth, woven, glass
Desiccators and parts thereof, glass
Laminated glass, and manufactures thereof
Museum jars, glass
Plate glass, $\frac{1}{2}$ 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
Collars 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

METALS AND MANUFACTURES OF—Continued

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 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
 Windchests, 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 \$3 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

Burs, 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
 Motorstooters
 Motorscooters, parts of
 Pins, pin 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 per 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, $\frac{1}{8}$ inch and over in thickness
 Paperboards, over 0.012 inches thick, for use as corrugating medium (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

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 ($5\frac{1}{3}$ 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

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 lacy machine (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 $\frac{3}{4}$ inch

Hose and tubing, rubber, not made of hard rubber, having at no point an inside diameter of less than $\frac{3}{4}$ 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 D. 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

ItemArticles

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 metaparcresol, all the foregoing having a purity of 75% or more by weight

403.46

Other

403.48

Cyclic organic chemical products, etc. (con.):

2-Acetamido-3-chloroanthraquinone;
o-Acetoacetanilide;
o-Acetoacetotoluidide;
2',4'-Acetoacetoxylidide;
3'-Aminoacetophenone;
1-Amino-5-benzamidoanthraquinone;
o-Anisidine;
p-Anisidine;
6-Chloro-m-cresol $\sqrt{\text{Cl}}=17$;
m-Diethylaminophenol;
4-Chloro-2,5-dimethoxyaniline $\sqrt{\text{Cl}}=17$;
1,8-Dihydroxy-4,5-dinitroanthraquinone;
2,4-Dimethoxyaniline;
3-Ethylamino-p-cresol;
Iminodanthraquinone;
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;
Billigrafin 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-Nitronaphthyl-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

ItemArticles

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

ItemArticles

	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	<p> 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 </p>
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.

ItemArticles

Products suitable for medicinal use, and drugs:
Obtained, derived, or manufactured in whole or
in part from any product provided for in sub-
part 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-dimethyl-
aminopropyl/pyridine maleate

407.35

Diethylaminoacetoxyldide (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

Phenylbenzylaminoethylimid-
azoline 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

ItemArticles

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 percent 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:

ItemArticles

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:

Knit

704.55

Appendix E. 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 appraisal, 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.

* * * * *

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 appraisal 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.

* * * * *

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 WHOLESALE--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 conclusive 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.

* * * * *

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--

(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 F. 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 whole-sale 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

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

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

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 G. 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--		Percent of import trade for 1970
	Customs purposes	Statistical reporting	
North America:			
Antigua (Leeward Islands)-----	c.i.f.	c.i.f.	<u>1/</u>
Bahama Islands-----	c.i.f.	c.i.f.	0.1
Barbados-----	c.i.f.	c.i.f.	<u>1/</u>
Bermuda-----	f.o.b.	f.o.b.	.1
British Honduras-----	c.i.f.	c.i.f.	.1
Canada-----	f.o.b.	f.o.b.	<u>2/</u> 4.6
Costa Rica-----	c.i.f.	c.i.f.	.1
Cuba-----	f.o.b.	c.i.f.	<u>3/</u>
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.	<u>1/</u>
Guadaloupe-----	c.i.f.	c.i.f.	<u>1/</u>
Guatemala-----	c.i.f.	c.i.f.	.1
Haiti-----	c.i.f.	c.i.f.	<u>1/</u>
Honduras-----	f.o.b.	c.i.f.	.2
Jamaica-----	c.i.f.	c.i.f.	.2
Martinique-----	c.i.f.	c.i.f.	<u>1/</u>
Mexico-----	<u>4/</u>	c.i.f.	.8
Montserrat (Leeward Islands)---	c.i.f.	c.i.f.	<u>1/</u>
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.	<u>5/</u>
St. Vincent (Windward Islands):	c.i.f.	c.i.f.	<u>1/</u>
United States-----	f.o.b.	f.o.b.	13.6
Virgin Islands (Br.)-----	c.i.f.	c.i.f.	<u>1/</u>
Virgin Islands (U.S.)-----	f.o.b.	c.i.f.	<u>1/</u>
South America:			
Argentina-----	c.i.f.	c.i.f.	.6
Bolivia-----	c.i.f.	c.i.f.	.1
Brazil-----	c.i.f. <u>6/</u>	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.	<u>1/</u>
Guyana-----	c.i.f.	c.i.f.	<u>1/</u>
Paraguay-----	c.i.f.	f.o.b.	<u>1/</u>

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--		Percent of import trade for 1970
	Customs purposes	Statistical reporting	
South America--Continued:			
Peru-----	c.i.f.	c.i.f.	.2
Surinam-----	c.i.f.	c.i.f.	<u>1/</u>
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-----	<u>7/</u>	f.o.b.	<u>3/</u>
Austria-----	c.i.f. <u>8/</u>	c.i.f.	1.2
Belgium and Luxembourg-----	c.i.f.	c.i.f.	3.9
Bulgaria-----	c.i.f.	f.o.b.	<u>3/</u>
Czechoslovakia-----	c.i.f.	f.o.b.	<u>3/</u>
Denmark-----	c.i.f.	c.i.f.	1.5
Finland-----	c.i.f.	c.i.f.	.9
France-----	c.i.f. <u>9/</u>	c.i.f.	6.4
Germany (East)-----	G.s.p. <u>10/</u>	f.o.b.	<u>3/</u>
Germany (West)-----	c.i.f. <u>8/</u>	c.i.f.	10.2
Gibraltar-----	c.i.f.	c.i.f.	<u>1/</u>
Greece-----	c.i.f.	c.i.f.	.7
Hungary-----	f.o.b.	c.i.f.	<u>3/</u>
Iceland-----	c.i.f.	c.i.f.	.1
Ireland-----	c.i.f.	c.i.f.	.5
Italy-----	c.i.f. <u>11/</u>	c.i.f.	5.1
Netherlands-----	c.i.f. <u>12/</u>	c.i.f.	4.6
Norway-----	c.i.f. <u>13/</u>	c.i.f.	1.3
Poland-----	<u>7/</u>	f.o.b.	<u>3/</u>
Portugal-----	c.i.f.	c.i.f.	.5
Romania-----	<u>7/</u>	f.o.b.	<u>3/</u>
Spain-----	c.i.f.	c.i.f.	1.6
Sweden-----	c.i.f.	c.i.f.	2.4
Switzerland-----	<u>14/</u>	c.i.f.	2.2
United Kingdom-----	c.i.f.	c.i.f.	7.4
Yugoslavia-----	c.i.f. <u>15/</u>	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.	<u>1/</u>
Burundi-----	c.i.f.	<u>7/</u>	<u>1/</u>

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--		Percent of import trade for 1970
	Customs purposes	Statistical reporting	
Africa--Continued:			
Cameroon-----	c.i.f.	c.i.f.	.1
Central African Republic-----	c.i.f.	c.i.f.	<u>1/</u>
Chad-----	c.i.f.	c.i.f.	<u>1/</u>
Congo, People's Republic of the (Brazzaville)-----	c.i.f.	c.i.f.	<u>1/</u>
Dahomey-----	c.i.f.	c.i.f.	<u>1/</u>
Ethiopia-----	c.i.f.	c.i.f.	.1
French Somaliland (Afars and Issas)-----	<u>16/</u>	c.i.f.	<u>1/</u>
Gabon-----	c.i.f.	c.i.f.	<u>1/</u>
Gambia-----	c.i.f.	c.i.f.	<u>1/</u>
Ghana-----	f.o.b.	c.i.f.	.1
Guinea-----	c.i.f.	c.i.f.	<u>1/</u>
Ivory Coast-----	c.i.f.	c.i.f.	.1
Kenya-----	c.i.f.	c.i.f.	.1
Lesotho-----	f.o.b.	f.o.b.	<u>1/</u>
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.	<u>1/</u>
Mali-----	c.i.f.	c.i.f.	<u>1/</u>
Mauritania-----	c.i.f.	c.i.f.	<u>1/</u>
Mauritius-----	c.i.f.	c.i.f.	<u>1/</u>
Morocco-----	c.i.f.	c.i.f.	.2
Mozambique-----	c.i.f.	c.i.f.	.1
Niger-----	c.i.f.	c.i.f.	<u>1/</u>
Nigeria-----	c.i.f.	c.i.f.	.4
Portuguese Guinea-----	c.i.f.	c.i.f.	<u>1/</u>
Rhodesia-----	f.o.b.	f.o.b.	<u>1/</u>
Rwanda-----	c.i.f.	<u>7/</u>	<u>1/</u>
Senegal-----	c.i.f.	c.i.f.	.1
Sierra Leone-----	c.i.f.	c.i.f.	<u>1/</u>
Somalia-----	c.i.f.	c.i.f.	<u>1/</u>
South Africa-----	f.o.b.	f.o.b.	1.2
South-West Africa-----	f.o.b.	f.o.b.	<u>1/</u>
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--		Percent of import trade for 1970
	Customs purposes	Statistical reporting	
Africa--Continued:			
Tunisia-----	c.i.f.	c.i.f.	.1
Uganda-----	c.i.f.	<u>7/</u>	<u>1/</u>
Upper Volta-----	c.i.f.	c.i.f.	<u>1/</u>
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.	<u>7/</u>	
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.	<u>7/</u>	<u>1/</u>
Saudi Arabia-----	c.i.f.	c.i.f.	.3
Southern Yemen, People's Republic of (formerly Aden)-	c.i.f. <u>17/</u>	c.i.f.	.1
Sultanate of Oman			
Muscat and Oman)-----	c.i.f.	<u>7/</u>	.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.	<u>7/</u>	<u>1/</u>
Brunei-----	c.i.f.	c.i.f.	<u>1/</u>
Burma-----	c.i.f.	c.i.f.	.1
Cambodia-----	c.i.f.	c.i.f.	<u>18/</u>
Ceylon-----	c.i.f.	c.i.f.	.1
China (Taiwan)-----	c.i.f.	c.i.f.	.5
Hong Kong-----	<u>17/</u>	c.i.f.	1.0
India-----	c.i.f.	c.i.f.	.7
Indonesia-----	c.& f.	c.i.f.	.3
Japan-----	c.i.f. <u>19/</u>	c.i.f.	6.4
Korea (South)-----	c.i.f.	c.i.f.	.7
Laos-----	c.i.f.	c.i.f.	<u>1/</u>
Malaysia-----	c.i.f.	c.i.f.	.5
Nepal-----	c.i.f.	<u>7/</u>	<u>1/</u>

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--		Percent of import trade for 1970
	Customs purposes	Statistical reporting	
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.

H. 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

TSUSA Range	Group 1/ TSUSA Part	Average ad valorem equivalent (for ad valorem and compound duty items only) 2/ Percent	U.S. imports for consumption				
			Total	Type of duty			
				Free	Specific	Compound or ad valorem	Other 3/
			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)
SCHEDULE 1							
Total-----	- : -	-	6,814.9	2,600.8	3,464.9	749.1	-
100.0100 - 124.8000-----	1 : -	9.7	2,274.5	589.3	1,257.4	427.8	-
100.0100 - 100.9500-----	- : 1	4.8	165.8	33.4	121.1	11.2	-
105.1000 - 107.8000-----	- : 2	9.4	1,011.5	2.6	878.0	130.9	-
110.1000 - 114.5500-----	- : 3	9.8	787.4	449.3	240.9	97.2	-
118.0000 - 119.7000-----	- : 4	13.6	104.5	-	17.4	87.1	-
120.1100 - 124.8000-----	- : 5	7.2	205.3	104.0	-	101.3	-
125.0100 - 157.1040-----	2 : -	12.6	1,851.1	469.8	1,179.9	201.3	-
125.0100 - 127.1000-----	- : 6	5.8	35.7	.3	29.0	6.4	-
130.1000 - 132.5500-----	- : 7	4.6	39.3	7.4	29.8	2.1	-
135.1000 - 144.3000-----	- : 8	15.7	227.4	.3	156.3	70.8	-
145.0100 - 154.9000-----	- : 9	17.9	467.1	261.1	158.8	47.1	-
155.1000 - 157.1040-----	- : 10	7.2	1,081.5	200.7	805.9	74.9	-
160.1020 - 170.8000-----	3 : -	22.3	2,188.0	1,308.8	872.6	6.7	-
160.1020 - 162.1500-----	- : 11	13.6	1,321.9	1,307.6	13.0	1.2	-
165.1500 - 168.9000-----	- : 12	-	721.2	-	721.2	-	-
170.0100 - 170.8000-----	- : 13	24.3	145.0	1.2	138.3	5.5	-
175.0300 - 193.2500-----	4 : -	7.1	501.2	232.9	155.1	113.2	-
175.0300 - 178.3000-----	- : 14	9.9	199.0	80.9	106.0	12.1	-
180.0000 - 193.2500-----	- : 15	6.7	302.2	152.0	49.1	101.1	-
SCHEDULE 2							
Total-----	- : -	-	2,709.5	1,660.5	487.9	561.0	-
200.0300 - 245.9060-----	5 : -	11.9	988.8	107.2	475.5	406.0	-
200.0300 - 207.0100-----	- : 1	7.9	698.7	102.4	472.6	123.6	-
220.0500 - 222.6400-----	- : 2	14.7	25.6	4.8	2.9	18.0	-
240.0020 - 245.9060-----	- : 3	13.6	264.4	-	-	264.4	-
250.0205 - 274.9000-----	6 : -	6.4	1,720.7	1,553.3	12.4	155.0	-
250.0205 - 256.9000-----	- : 4	6.4	1,557.2	1,417.3	.3	139.7	-
270.0500 - 274.9000-----	- : 5	6.3	163.5	136.1	12.1	15.3	-
SCHEDULE 3							
Total-----	- : -	-	2,422.6	101.3	295.5	2,025.8	-
300.1020 - 359.6060-----	7 : -	22.3	1,182.4	96.4	286.6	799.3	-
300.1020 - 312.5000-----	- : 1	17.5	410.2	70.4	116.4	223.3	-
315.0500 - 316.7000-----	- : 2	15.1	33.4	24.9	.8	7.7	-
319.0100 - 339.1040-----	- : 3	24.6	557.5	-	158.7	398.9	-
345.1020 - 359.6060-----	- : 4	23.6	181.2	1.1	10.8	169.4	-
360.0500 - 390.6000-----	8 : -	28.5	1,240.2	4.9	8.8	1,226.5	-
360.0500 - 367.6500-----	- : 5	16.9	108.2	2.1	5.4	100.6	-
370.0420 - 382.8700-----	- : 6	29.6	1,109.1	-	-	1,109.1	-
385.1000 - 390.6000-----	- : 7	21.7	23.0	2.8	3.4	16.8	-
SCHEDULE 4							
Total-----	- : -	-	4,535.0	1,049.8	2,801.1	684.1	-
401.0200 - 432.0000-----	9 : -	16.0	612.2	168.9	51.9	391.4	-
401.0200 - 409.0000-----	- : 1	20.6	302.8	47.5	-	255.3	-
415.0500 - 432.0000-----	- : 2	7.5	309.4	121.4	51.9	136.1	-
435.0500 - 474.6200-----	10 : -	7.6	599.0	304.3	22.8	271.9	-
435.0500 - 440.0000-----	- : 3	6.4	127.8	26.3	5.8	95.6	-
445.0500 - 446.3000-----	- : 4	8.0	302.6	236.9	0.1	65.6	-
450.1000 - 452.8040-----	- : 5	5.0	39.5	29.2	-	10.2	-
455.0200 - 455.4600-----	- : 6	10.7	21.1	6.3	-	14.8	-
460.0500 - 461.4500-----	- : 7	10.8	33.6	4.1	-	29.5	-
465.0500 - 466.3000-----	- : 8	8.2	7.3	-	-	7.3	-
470.0500 - 474.6200-----	- : 9	7.2	67.1	1.5	16.8	48.8	-
475.0510 - 495.2000-----	11 : -	7.1	3,323.7	576.7	2,726.3	20.7	-
475.0510 - 475.7000-----	- : 10	10.0	3,008.7	293.2	2,715.2	.2	-
480.0500 - 480.8090-----	- : 11	-	235.7	235.7	-	-	-
485.1000 - 485.5000-----	- : 12	12.6	9.0	5.6	2.5	.8	-
490.0500 - 495.2000-----	- : 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

TSUSA Range	Group 1/ Part	TSUSA Part	Average ad valorem equivalent (for ad valorem and compound duty items only) 2/ Percent	U.S. imports for consumption				
				Total	Type of duty			
					Free	Specific	Compound or: ad valorem	Other 3/
				Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
SCHEDULE 5								
Total-----	-	-	-	-	1,242.5	495.6	156.7	590.2
511.1000 - 523.9400-----	12	-	-	6.2	850.2	465.3	93.1	291.8
511.1000 - 523.9400-----	-	1	-	6.2	850.2	465.3	93.1	291.8
531.0100 - 548.0500-----	13	-	-	23.7	392.2	30.2	63.7	298.3
531.0100 - 536.1600-----	-	2	-	26.1	200.1	-	10.1	190.1
540.1100 - 548.0500-----	-	3	-	19.4	192.1	30.2	53.6	108.3
SCHEDULE 6								
Total-----	-	-	-	-	16,957.2	5,208.0	2,102.1	9,561.7
601.0300 - 603.7000-----	14	-	-	10.0	1,003.0	670.6	331.8	.5
601.0300 - 603.7000-----	-	1	-	10.0	1,003.0	670.6	331.8	.5
605.0210 - 658.1000-----	15	-	-	9.7	4,618.6	795.0	1,770.3	2,028.2
605.0210 - 633.0000-----	-	2	-	8.6	3,708.6	710.0	1,586.7	1,411.9
640.0500 - 658.1000-----	-	3	-	12.2	910.0	85.0	183.6	616.2
660.1000 - 688.4100-----	16	-	-	8.1	5,398.4	740.5	-	4,597.6
660.1000 - 680.9100-----	-	4	-	7.4	3,105.4	665.1	-	2,380.0
682.0500 - 688.4100-----	-	5	-	8.9	2,293.0	75.4	-	2,217.6
690.0500 - 696.6000-----	17	-	-	4.9	5,937.2	3,001.8	-	2,935.4
690.0500 - 696.6000-----	-	6	-	4.9	5,937.2	3,001.8	-	2,935.4
SCHEDULE 7								
Total-----	-	-	-	-	3,642.6	245.7	102.2	3,294.0
700.0500 - 724.5000-----	18	-	-	13.7	1,619.0	1.8	78.0	1,538.9
700.0500 - 706.6045-----	-	1	-	13.7	835.7	-	8.8	826.9
708.0100 - 724.5000-----	-	2	-	13.8	783.3	1.8	69.1	712.1
725.0100 - 760.6500-----	19	-	-	15.8	1,073.6	90.4	14.1	969.1
725.0100 - 726.8040-----	-	3	-	14.3	73.2	-	-	73.2
727.0200 - 728.3000-----	-	4	-	10.0	233.4	84.7	-	148.7
730.0500 - 737.9060-----	-	5	-	16.2	546.8	3.6	1.2	541.9
740.0500 - 741.5000-----	-	6	-	19.4	88.8	-	-	88.8
745.0400 - 748.4000-----	-	7	-	20.6	39.1	2.0	-	37.1
750.0500 - 751.2500-----	-	8	-	18.0	45.9	-	1.8	44.1
755.0500 - 756.6000-----	-	9	-	20.8	35.2	-	10.2	25.0
760.0500 - 760.6500-----	-	10	-	20.2	11.1	-	.9	10.2
765.0300 - 799.0000-----	20	-	-	8.8	950.0	153.6	10.1	785.9
765.0300 - 766.3000-----	-	11	-	-	145.1	144.7	-	-
770.0500 - 774.7000-----	-	12	-	8.6	498.6	8.8	9.0	480.7
790.0000 - 793.0000-----	-	13	-	9.2	303.5	.1	1.1	302.3
798.0000 - 799.0000-----	-	14	-	6.7	2.8	-	-	2.8
SCHEDULE 8								
Total-----	-	-	-	-	895.6	867.2	-	28.4
800.0000 - 899.9900-----	21	-	-	-	895.6	867.2	-	28.4
SCHEDULE 9								
Total-----	-	-	-	40.0	547.9	207.5	-	1.5
901.0000 - 999.9500-----	21	-	-	40.0	547.9	207.5	-	1.5

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.

1970														
TSUSA Range	Group	Canada		Mexico		Caribbean		Other Western Hemisphere		United Kingdom and Ireland		E.E.C.		
		TSUS Part	Ad valorem and compound	Average and compound	Ad valorem and compound	Average and compound	Ad valorem and compound	Average and compound	Ad valorem and compound	Average and compound	Ad valorem and compound	Average and compound		
			equivalent	imports	equivalent	imports	equivalent	imports	equivalent	imports	equivalent	imports		
			Percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars	Percent	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)
SCHEDULE 1														
Total	-	-	-	85,678.1	-	45,260.3	-	22,336.5	-	139,908.4	-	51,834.3	-	123,079.5
100.0100 - 124.8000	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
100.0100 - 100.9500	-	1	7.3	5,136.9	5.3	209.8	5.0	439.7	4.8	807.7	4.7	936.8	4.8	306.5
105.1000 - 107.8000	-	2	10.5	6,038.3	-	-	15.0	242.8	10.0	94,217.2	8.1	5.0	7.2	2,412.4
110.1000 - 114.5500	-	3	16.0	3,490.0	-	-	14.0	67.8	20.1	1,650.2	7.1	936.9	4.8	1,309.7
115.0000 - 119.7000	-	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	13.8	32,902.2
120.1100 - 124.8000	-	6	6.3	1,440.6	7.6	3.8	6.9	131.0	6.3	8,822.7	8.6	20,685.1	11.8	39,166.3
125.0100 - 157.1040	2	-	4.6	2,112.8	5.0	4.3	-	-	5.2	14.8	6.1	21.4	5.6	4,344.3
125.0100 - 127.1000	-	8	12.9	4,388.0	16.3	7,069.2	20.2	2,560.4	15.3	836.5	20.2	3.5	-	-
130.1000 - 132.5500	-	9	4.8	4,893.7	21.0	26,801.8	11.6	1,785.4	10.6	1,383.3	10.8	101.6	15.7	13,540.7
135.1000 - 144.3000	-	10	8.8	8,417.3	4.6	2,099.6	7.5	1,174.8	4.2	6,588.1	8.4	1,383.2	27.7	3,427.0
145.0100 - 154.9000	-	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
155.1000 - 157.1040	-	11	8.0	15.2	8.0	19.4	-	-	2.0	44.4	16.0	2.5	9.1	89.0
160.1020 - 170.8000	-	12	89.6	149.3	24.8	529.9	21.9	1,864.7	60.9	122.1	-	-	-	-
160.1030 - 162.1500	-	13	4.0	36,434.0	3.6	6,920.5	5.9	2,157.7	10.2	12,416.7	17.5	260.5	39.9	290.6
165.1500 - 168.3000	-	14	8.9	62.9	7.4	15.1	9.2	12.7	10.0	10,961.7	6.3	12,660.1	9.0	14,234.9
170.0100 - 170.6000	-	15	4.0	36,371.2	3.6	6,905.4	5.9	2,145.0	12.0	1,453.0	14.0	1.3	10.0	683.7
175.0300 - 193.2500	-	-	-	-	-	-	-	-	-	-	6.3	12,658.8	8.9	13,551.2
SCHEDULE 2														
Total	-	-	-	120,873.1	-	22,203.5	-	3,965.6	-	8,936.4	-	10,048.6	-	33,399.2
200.0300 - 245.9060	5	-	6.3	47,131.1	5.8	19,267.2	5.8	3,322.7	7.6	8,326.9	10.4	2,816.9	10.9	18,067.2
200.0300 - 203.0100	-	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
220.0500 - 272.6400	-	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
240.0020 - 245.9060	-	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
250.0205 - 274.3000	6	-	6.8	73,743.8	10.4	2,936.2	7.6	443.4	6.1	9.3	7.6	7,231.8	7.0	15,332.0
250.0305 - 256.5000	-	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
270.9300 - 274.3000	-	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
SCHEDULE 3														
Total	-	-	-	50,673.5	-	33,651.3	-	24,647.5	-	15,295.6	-	114,548.2	-	422,922.8
300.1020 - 359.6060	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
300.1020 - 312.5000	-	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
315.3500 - 316.7000	-	2	34.0	31.0	15.0	2,481.5	18.5	7.5	15.2	31.8	15.7	327.3	13.9	612.7
319.0100 - 339.1000	-	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
345.1020 - 359.6060	-	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
360.0500 - 390.6300	8	-	20.6	28,452.6	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
360.0500 - 367.6500	-	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
370.0420 - 382.8700	-	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
385.1000 - 390.6000	-	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
SCHEDULE 4														
Total	-	-	-	71,665.6	-	6,380.3	-	15,927.0	-	13,873.7	-	68,303.9	-	265,620.7
401.0200 - 432.0000	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
401.0200 - 409.9000	-	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
415.0300 - 432.0000	-	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
435.0500 - 474.6200	10	-	9.6	39,423.4	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
435.0500 - 440.0000	-	3	6.9	2,946.3	7.9	4,673.6	7.1	12,367.5	6.4	6,845.8	6.2	15,020.8	6.0	23,012.1
445.0500 - 446.3000	-	4	4.7	25,645.4	4.8	40.6	13.0	.3	5.5	6.3	14.3	2,117.3	11.1	10,359.4
450.1000 - 452.8050	-	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
455.0200 - 455.1600	-	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
460.0500 - 461.4500	-	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
465.0500 - 466.3000	-	8	7.1	1,959.3	7.1	141.8	10.0	29.2	-	-	8.8	694.9	9.0	2,702.7
470.0500 - 471.9500	-	9	7.8	6,269.2	12.6	55.0	4.5	70.7	-	-	6.7	5,822.7	7.5	16,097.1
475.0510 - 493.3000	11	-	9.4	1,479.7	10.0	305.7	7.0	1.4	1.1	1,019.7	6.3	2,930.7	8.9	7,442.3
475.0510 - 475.7000	-	10	10.0	4.6	10.0	229.8	-	-	-	-	10.0	7.8	10.0	15.2
480.0500 - 480.8090	-	11	-	-	-	-	-	-	-	-	-	-	-	-
485.1000 - 485.3000	-	12	10.9	745.9	-	-	-	-	-	-	21.0	36.3	-	-
490.0500 - 495.2000	-	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

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

TSUSA Range	Group	TSUSA Part	Canada		Mexico		Caribbean		Other Western Hemisphere		United Kingdom and Ireland		E.E.C.			
			Average	Ad valorem and compound	Average	Ad valorem and compound	Average	Ad valorem and compound	Average	Ad valorem and compound	Average	Ad valorem and compound	Average	Ad valorem and compound		
			ad valorem equivalent	imports	ad valorem equivalent	imports	ad valorem equivalent	imports	ad valorem equivalent	imports	ad valorem equivalent	imports	ad valorem equivalent	imports	ad valorem equivalent	imports
			Percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars
SCHEDULE 5																
Total	-	-	-	19,655.9	-	9,749.8	-	2,004.2	-	2,699.6	-	44,145.5	-	232,650.1		
511.1000 - 523.9400	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		
511.1000 - 523.9400	-	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		
531.0100 - 548.0500	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	89,236.0		
531.0100 - 536.1500	-	2	7.5	5,526.9	20.2	3,672.0	21.3	359.9	51.1	344.7	18.7	29,024.0	20.6	29,575.0		
540.1100 - 548.0500	-	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		
SCHEDULE 6																
Total	-	-	-	1,169,781.8	-	185,629.3	-	13,734.1	-	30,266.7	-	791,683.4	-	42,959,001.4		
601.0300 - 603.7000	14	-	10.1	64.0	10.0	3.3	-	-	-	-	10.0	6.8	10.0	190.5		
601.0300 - 603.7000	-	1	10.0	64.0	10.0	3.3	-	-	-	-	10.0	6.8	10.0	190.5		
605.0210 - 658.1000	15	-	7.1	238,554.6	8.0	33,564.9	8.6	898.0	8.3	16,566.9	9.9	140,358.2	9.6	529,214.2		
605.0210 - 633.0000	-	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		
640.0500 - 658.1000	-	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		
660.1000 - 688.4100	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		
660.1000 - 680.9100	-	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		
682.0500 - 688.4100	-	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		
690.0500 - 696.6000	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		
690.0500 - 696.6000	-	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		
SCHEDULE 7																
Total	-	-	-	218,319.1	-	72,300.7	-	11,969.3	-	18,565.5	-	191,104.9	-	967,853.0		
700.0500 - 724.5000	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		
700.0500 - 706.6045	-	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		
708.0100 - 724.5000	-	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		
725.0100 - 760.6500	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		
725.0100 - 726.8040	-	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	21,578.0		
727.0200 - 728.3000	-	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		
730.0500 - 737.9060	-	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		
740.0500 - 741.5000	-	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		
745.0400 - 748.4000	-	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		
750.0500 - 751.2500	-	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		
755.0500 - 756.6000	-	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		
760.0500 - 760.6500	-	10	13.4	921.8	48.3	157.2	-	-	-	-	20.3	325.4	20.0	1,626.7		
765.0300 - 799.0000	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		
765.0300 - 766.3000	-	11	-	-	-	-	-	-	-	-	-	-	-	-		
770.0500 - 774.7000	-	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		
790.0000 - 793.0000	-	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		
798.0000 - 799.0000	-	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		
SCHEDULE 8																
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
800.0000 - 899.9900	21	-	-	-	-	-	-	-	-	-	-	-	-	-		
SCHEDULE 9																
Total	-	-	-	-	-	-	-	-	-	-	-	335.3	-	1,022.2		
901.0000 - 999.9500	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

TSUSA Range	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	8.4	56,261.3
Percent of total	-	-	-	(3.4)	-	(3.5)	-	(1.4)	-	(29.3)	-	(11.9)	-	(4)	-	(.3)
SCHEDULE 1																
Total	-	-	-	55,072.3	-	51,184.9	-	20,798.4	-	69,358.7	-	42,865.6	-	25,735.9	-	15,872.2
100.0100 - 124.8000	1	-	10.0	47,684.2	11.4	25,801.4	9.9	12,391.4	9.5	57,334.6	6.0	12,391.4	11.7	19,634.0	8.0	3,513.1
100.0100 - 100.9500	-	-	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
105.1000 - 107.8000	-	-	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	-	-
110.1000 - 114.5500	-	-	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
115.0000 - 119.7000	-	-	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	-	-
120.1100 - 124.8000	-	-	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
125.0100 - 127.1000	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
130.1000 - 132.5500	-	-	-	-	5.8	1.3	5.5	.7	6.3	307.0	5.0	11.6	5.4	15.9	5.5	126.8
135.1000 - 144.3000	-	-	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
145.0100 - 154.9000	-	-	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
155.1000 - 157.1040	-	-	10	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
160.1020 - 170.8000	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
160.1020 - 162.1500	-	-	-	-	15.8	553.2	8.8	18.5	8.0	3.8	7.1	140.8	-	-	16.0	371.8
165.1500 - 168.9000	-	-	12	33.2	17.8	661.7	46.0	4.3	45.7	.6	82.5	1.5	-	-	18.8	1,550.9
170.0100 - 170.8000	-	-	13	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	521.9
175.0300 - 193.2500	4	-	5.4	-	9.0	1.3	6.7	27.2	4.5	206.8	8.1	-	10.0	82.4	7.2	18.0
175.0300 - 178.3000	-	-	14	-	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
180.0000 - 193.2500	-	-	15	-	-	-	-	-	-	-	-	-	-	-	-	-
SCHEDULE 2																
Total	-	-	-	44,611.5	-	10,026.5	-	8,266.0	-	112,784.5	-	179,676.0	-	1,218.0	-	5,004.9
200.0300 - 245.9060	5	-	10.9	26,073.0	12.0	7,322.1	9.9	1,430.4	12.6	83,258.2	14.5	176,047.2	12.1	1,150.6	10.3	4,996.1
200.0300 - 203.0100	-	-	1	6,964.8	9.6	4,134.3	9.1	3,389.2	9.5	29,761.1	7.6	23,072.3	10.6	734.5	9.2	710.9
220.0500 - 222.6400	-	-	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
240.0020 - 245.9060	-	-	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
250.0205 - 274.9000	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
250.0205 - 256.9000	-	-	4	6.0	9.1	1,495.5	6.3	741.3	9.0	27,798.2	9.2	2,811.3	6.0	11.7	10.0	1.9
270.0500 - 274.9000	-	-	5	6.8	7.3	1,208.9	6.3	94.3	8.1	1,738.0	6.3	820.0	-	-	-	-
SCHEDULE 3																
Total	-	-	-	23,886.6	-	61,265.5	-	38,389.2	-	536,082.4	-	690,201.6	-	4,245.7	-	9,928.3
300.1020 - 359.6060	7	-	18.5	10,123.3	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	7,388.8
300.1020 - 312.5000	-	-	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
315.0500 - 316.7000	-	-	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
319.0100 - 339.1040	-	-	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	31.7	12.7	3,875.2
345.1020 - 359.6060	-	-	16.9	1,743.0	16.6	6,180.9	26.8	1,007.5	25.9	46,738.9	24.3	8,818.1	32.0	1,546.0	23.5	2,609.8
360.0500 - 390.6000	8	-	22.1	12,761.2	22.9	26,700.9	19.6	22,277.9	26.8	278,027.4	31.1	602,000.2	26.7	215.6	18.7	1,299.3
360.0500 - 367.6500	-	-	24.2	10,475.8	23.7	4,609.0	15.0	3,032.5	16.1	28,480.1	14.8	31,131.1	33.2	1,307.3	27.8	1,230.1
370.0420 - 382.8700	-	-	18.1	391.2	22.8	21,773.8	20.8	18,572.9	28.2	241,190.4	32.0	568,766.9	12.1	23.1	33.3	80.4
385.1000 - 390.6000	-	-	7	-	21.6	318.3	8.2	672.4	25.4	8,356.9	21.6	2,102.2	-	-	-	-
SCHEDULE 4																
Total	-	-	-	28,500.1	-	63,372.2	-	6,918.4	-	125,559.2	-	5,108.5	-	3,367.6	-	6,458.4
401.0200 - 432.0000	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	1,117.1
401.0200 - 409.0000	-	-	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	23.5
415.0500 - 432.0000	-	-	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	6.0	1,109.5	7.4	93.2
435.0500 - 474.6200	10	-	7.7	17,240.0	8.3	20,822.0	6.5	3,252.2	9.0	44,222.2	6.0	3,273.3	8.2	99.1	6.0	46.1
435.0500 - 440.0000	-	-	21.0	123.5	6.8	8,843.1	5.9	2,054.9	6.1	5,897.6	6.2	1,553.5	5.0	496.4	-	-
445.0500 - 446.3000	-	-	4	21.0	14.2	113.1	1.3	11.1	9.4	26,510.5	9.3	192.1	5.2	26.9	5.8	1,016.8
450.1000 - 452.8040	-	-	6.6	-	6.4	2,541.4	2.0	340.0	3.4	26.1	3.4	823.3	10.6	507.1	9.8	960.0
455.0200 - 455.4600	-	-	9.5	1,022.7	9.9	688.3	14.9	292.7	10.1	178.0	9.7	21.3	12.0	65.8	11.0	100.5
460.0500 - 461.4500	-	-	10.1	80.5	10.4	6,840.5	13.5	7.3	12.6	1,528.0	11.7	167.5	7.2	33.5	-	-
465.0500 - 465.3000	-	-	9.0	4,621.7	7.9	1,150.5	2.3	32.4	8.4	288.4	7.2	40.8	1.9	570.7	1.1	825.1
470.0500 - 474.6200	-	-	11.2	884.3	9.9	645.1	7.0	513.8	9.0	9,793.7	8.0	74.3	6.1	177.6	1.0	3,388.8
475.0510 - 495.2000	11	-	-	-	6.4	1,487.5	2.7	21.5	10.5	1,534.4	6.7	95.8	-	-	-	-
475.0510 - 475.7000	-	-	-	-	10.0	-	-	-	10.0	-	-	-	-	-	-	-
480.0500 - 480.8090	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
485.1000 - 485.3000	-	-	9.7	767.9	-	-	-	-	10.5	1,534.0	6.7	95.6	6.1	177.6	1.0	3,388.8
490.0500 - 495.2000	-	-	13	-	8.8	1,456.6	2.7	21.5	-	-	-	-	-	-	-	-

See footnote at end of table.

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

TSUSA Range	Group	TSUSA Part	Scandinavia 1/		Other Western Europe		Eastern Europe		Japan		Other Asian		Australia, New Zealand, Oceania		Africa	
			Average		Average		Average		Average		Average		Average		Average	
			ad valorem	compound	ad valorem	compound	ad valorem	compound	ad valorem	compound	ad valorem	compound	ad valorem	compound	ad valorem	compound
			percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars	Percent	Thousand dollars
SCHEDULE 5																
Total				9,477.4		11,434.7		18,752.2		140,523.6		88,032.5		2,335.6		8,721.8
511.1000 - 523.9400	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	1,083.2	6.5	8,721.8
511.1000 - 523.9400		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	1,083.2	6.5	8,721.8
531.0100 - 548.0500	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
531.0100 - 548.0500		2	22.3	7,943.2	21.4	2,698.8	16.2	3,143.0	31.1	110,091.6	25.3	2,178.4	12.4	41.1	20.5	26.4
540.1100 - 548.0500		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	104.5
SCHEDULE 6																
Total				353,090.2		181,661.7		68,395.6		3,347,978.1		437,930.6		15,239.9		8,326.8
601.0300 - 603.7000	14															
601.0300 - 603.7000		1														
605.0210 - 658.1000	15		10.3	75,430.2	11.8	37,833.6	9.2	21,509.3	10.2	868,271.0	12.6	59,958.5	10.0	266.2		
605.0210 - 658.1000		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	9.6	6,022.2	7.1	6,908.7
640.0500 - 658.1000		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	1,400.6	8.7	463.5
660.1000 - 688.4100	16		7.9	154,826.0	8.5	135,058.0	7.7	42,829.5	8.6	1,655,141.7	9.4	372,045.5	7.4	7,831.4	8.7	337.1
660.1000 - 688.4100		4	7.5	102,893.0	8.1	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
680.1000 - 688.4100		5	8.8	52,003.0	9.2	36,541.4	8.9	20,284.5	9.1	1,092,731.4	9.6	338,309.9	8.0	613.4	9.5	102.2
690.0500 - 696.6000	17		4.8	122,764.0	6.9	8,770.8	4.4	4,056.8	5.4	824,565.4	6.6	12,925.6	6.1	1,468.1	6.4	1,081.0
690.0500 - 696.6000		6	4.8	122,764.0	6.9	8,770.8	4.4	4,056.8	5.4	824,565.4	6.6	12,925.6	6.1	1,468.1	6.4	1,081.0
SCHEDULE 7																
Total				80,029.2		233,704.5		89,385.7		766,388.1		627,673.9		14,777.8		1,878.9
700.0500 - 724.5000	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
700.0500 - 724.5000		1	12.3	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
708.0100 - 724.5000		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
725.0100 - 760.6500	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
725.0100 - 728.8040		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
727.0200 - 728.3000		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
730.0500 - 737.9060		5	14.4	12,799.4	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
740.0500 - 741.5000		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
745.0400 - 748.4000		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
750.0500 - 751.2500		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
755.0500 - 756.6000		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
760.0500 - 760.6500		10	13.9	64.4	15.4	36.0	12.3	17.3	20.6	6,580.5	18.3	477.7	7.1	4.7		
765.0300 - 799.0000	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
765.0300 - 766.3000		11														
770.0500 - 774.7000		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
790.0000 - 793.0000		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
798.0000 - 799.0000		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
SCHEDULE 8																
Total																
800.0000 - 899.9900	21															
SCHEDULE 9																
Total				98.6		9.0				53.8		4.3				
901.0000 - 999.9500	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 3.--Consumption entries valued under section 402a: Appraised value and duties paid under section 402a compared with estimated value and duties payable if appraised under section 402, by tariff schedule, April 1965

TSUS schedule	Appraised value under 402a	Estimated value under 402	Difference in value	Duty paid on 402a value	Duty payable on estimated 402 value	Difference in duty	Percent difference in duty
1	\$ 5,271,907	\$ 5,132,016	(-) \$ 139,891	\$ 674,585	\$ 658,185	(-) \$ 16,400	(-) 2.4%
2	\$ 6,808,419	\$ 6,205,752	(-) \$ 602,667	\$ 609,295	\$ 537,866	(-) \$ 21,429	(-) 3.5%
3	\$ 2,107,221	\$ 2,081,714	(-) \$ 25,507	\$ 382,856	\$ 376,192	(-) \$ 6,664	(-) 1.7%
4	\$ 5,932,827	\$ 5,382,812	(-) \$ 550,015	\$ 702,963	\$ 634,443	(-) \$ 68,520	(-) 9.7%
5	\$ 692,787	\$ 598,248	(-) \$ 94,539	\$ 87,534	\$ 78,106	(-) \$ 9,428	(-) 10.8%
6	\$ 104,497,374	\$ 104,978,035	(+) \$ 480,661	\$ 8,744,319	\$ 8,772,725	(+) 28,406	(+) 0.3%
7	\$ 16,799,978	\$ 15,744,107	(-) \$ 1,055,871	\$ 2,465,381	\$ 2,420,166	(-) 45,215	(-) 1.7%
Total----	\$ 142,110,513	\$ 140,122,684	(-) \$ 1,987,829 or (-) 1.4%	\$ 13,666,933	\$ 13,527,683	(-) \$ 167,656 (+) \$ 28,406 (-) \$ 139,250	(-) 1.0%
Source: Bureau of Customs, Treasury Department.							

Note.--These data are for the valuation of merchandise imported under section 402a and show that dutiable value would have been 1.4% less and that the duty collected would have been 1.0% less if appraisal had been under section 402 rather than under section 402a.