

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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THE AMERICAN SELLING PRICE SYSTEM OF VALUATION AS APPLIED TO IMPORTED CHEMICALS

Note by the United Kingdom Delegation

1. In discussion of the request made by the United Kingdom and certain other delegations that the American selling price system of valuation should be abandoned two questions have been raised by the United States delegation -
 - (a) can countries exporting chemicals to the United States give examples of the incidence of duties under this system of valuation, and
 - (b) what chemicals in Brussels Nomenclature terms are in fact affected by this system of valuation.

2. A note on the first question is at Annex A. An answer to the second question presents some difficulties since the definition of chemicals which fall under this system of valuation (benzenoid products) cannot easily be correlated with the Brussels Nomenclature. But an attempt to correlate the two is at Annex B.

ANNEX AEXAMPLES OF THE INCIDENCE OF DUTIES ON IMPORTED CHEMICALS
UNDER THE AMERICAN SELLING PRICE SYSTEM OF VALUATION

1. The following are examples of the duty actually paid on consignments of United Kingdom chemicals exported to the United States. The duty in all cases is calculated as a percentage of the export (c.i.f.) price.

(a) <u>US duty $3\frac{1}{2}$ cents per lb. + 25 per cent</u>	<u>per cent</u>
MNPT (Metanitroparatoluidine)	47
2:5 DCA (2:5-Dichloraniline)	56
PCA (4-Chloraniline)	51
PCOT (Parachlor-Orthotoluidine)	51
DNS (4:4-Dinitrostilbene-2:2-Disulphonic acid)	70
PNOT (Paranitro-Orthotoluidine)	63
2:4-DNA (2:4-Dinitroaniline)	57
Meta Toluidine	70
Penta CNB (Penta-chloronitrobenzene)	67
B Acid (4-Chloraniline-3-Sulphonic Acid)	56
DAS (4:4-Diaminostilbene-2:2-Disulphonic Acid)	69
OCA (Orthochloraniline)	79
(b) <u>US duty 40 per cent</u>	
'Methic' Copying Black	97
'Carbolan' Brilliant Green	89
'Chlorazol' Union Black	72
'Monastral' Fast Green	96
'Waxoline' Blue AS	94
'Methasol' Copying Blue	145.5

ANNEX B

NOTE ON THE SCOPE OF AMERICAN SELLING PRICE SYSTEM OF VALUATION
EXPRESSED IN TERMS OF THE BRUSSELS TARIFF NOMENCLATURE

1. Schedule 4 Part I of the United States Tariff sets out the products which, when dutiable would be subjected to the American Selling Price system of valuation.

In the headnotes to this part, it is laid down that products would be classified in this part "even if more specifically described elsewhere" in the tariff.

2. The effect of this is to make virtually all benzenoid, quinoid and heterocyclic products themselves, and in addition non-benzenoid etc. products derived from them, subject to the charge. There are a few exceptions to the rule concerned with benzenoid etc. products which occur naturally, e.g. hormones.

3. In Schedule 4 Part I there are four "basket items" which are vitally important in ensuring from the United States' point of view, that the widest range of products are caught by the system.

These headings are:

- (a) Cyclic organic chemical products in any physical form having a benzenoid, quinoid or modified benzenoid structure not provided for in sub-point A or C of this part

403.60 - Other (re other than eight tariff positions)
 $3\frac{1}{2}\text{¢/lb} + 25$ per cent ad valorem.

- (b) All other products by whatever name known not provided for in sub-point 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 sub-point or in sub-point A of this part

403.80 - Other (re other than two tariff positions) $3\frac{1}{2}\text{¢/lb} + 25$ per cent ad valorem.

- (c) Products suitable for medicinal use and drugs, obtained derived or manufactured in whole or in part from any product provided for in sub-point A or B of this part

407.85 - Other (re other than twenty tariff positions)
 $3\frac{1}{2}\text{¢/lb} + 25$ per cent ad valorem.

- (d) Aromatic or odoriferous compounds including flavours obtained, derived or manufactured in whole or in part from any product provided for in sub-point A or B of this part

408.60 - Other compounds (re other than nine tariff positions)
7¢/lb + 45 per cent ad valorem.

4. The effect for example of (b) above is to make "maleic anhydride resins" (405.25) subject to American Selling Price whether or not it is actually derived from benzene.

5. The United States tariff schedule covering American Selling Price is based on the fact that products contain a ring system, whereas BTN is based on functional groups. Thus the theoretical and indeed practical effect of American Selling Price is spread throughout Chapter 29, as well as in other more easily identifiable places such as 32.05 and Chapter 39.

6. The attached schedule attempts to illustrate the BTN headings in which American Selling Price chemicals appear, and the headings of the United States Tariff are shown against each item. It will be seen that the four basket headings, together with thirty-nine specific tariff headings, affects nearly all positions in Chapter 29.

CHEMICALS AFFECTED BY AMERICAN SELLING PRICE SYSTEM
OF VALUATION IN TERMS OF BRUSSELS TARIFF NOMENCLATURE

<u>BTN No.</u>	<u>Description</u>
27.07	Coal tar distillates
29.01	Hydrocarbons
29.02	Halogenated derivatives of hydrocarbons
29.03	Sulphonated, nitrated or nitrosated derivatives of hydrocarbons
29.05	Cyclic alcohols and their halogenated etc. derivatives
29.06	Phenols and phenol alcohols
29.07	Halogenated etc. derivatives of phenols etc.
29.08	Ethers, ether alcohols, ether phenols etc.
29.10	Acetals, hemi acetals and their halogenated etc. derivatives
29.11	Aldehydes, aldehyde-alcohols, aldehyde-phenols etc.
29.12	Halogenated etc. derivatives of aldehydes etc.
29.13	Ketones, ketone-alcohols, ketone phenols
29.14	Monoacids and their anhydrides etc.
29.15	Polyacids etc.
29.16	Alcohol acids, aldehyde acids, phenol acids and their halogenated etc. derivatives
29.17	Sulphuric esters and their salts and their halogenated etc. derivatives
29.18	Nitrous and nitric esters and their halogenated etc. derivatives
29.19	Phosphoric esters and their salts and their halogenated etc. derivatives

<u>BTN No.</u>	<u>Description</u>
29.20	Carbonic esters and their salts and their halogenated etc. derivatives
29.21	Other esters of mineral acids (excluding halides) and their salts and their halogenated etc. derivatives
29.22	Amine-function compounds
29.23	Single or complex oxygen function amino-compounds
29.24	Quaternary ammonium salts
29.25	Amide-function compounds
29.26	Imide-function and imine-function compounds
29.27	Nitriles
29.28	Diazo etc. compounds
29.29	Organic derivatives of hydroxylamine or hydrazine
29.30	Compounds with other nitrogen functions
29.31	Organo-sulphur compounds
29.32	Organo arsenic compounds
29.33	Organo-mercury compounds
29.34	Other organo-inorganic compounds
29.35	Heterocyclic compounds including nucleic acids
29.36	Sulphonamides
29.37	Lactones, lactams, sultones and sultams
29.38	Provitamins and vitamins
29.39	Hormones
29.41	Glycosides
29.42	Alkaloids, natural or reproduced by synthesis and their salts etc.
29.44	Antibiotics
29.45	Other organic compounds
30.03	Medicaments
ex. 30.05	Opacifying agents
32.03	Synthetic tanning substances
32.04	Colouring matter of vegetable origin
32.05	Synthetic organic dyestuffs
32.06	Colour lakes and toners
32.09	Paint, varnishes, lacquers etc.
32.13	Writing ink, printing ink, etc.
33.04	Mixtures of two or more odoriferous substances (natural or artificial)
34.02	Organic surface active agents
36.02	Prepared explosives
37.08	Chemical products and flash light materials of a kind and in a form suitable for use in photography
38.11	Disinfectants, insecticides, fungicides, weedkillers, etc.
38.12	Prepared glazings, prepared dressings and prepared mordants
38.14	Antiknock preparations; oxidation inhibitors, gum inhibitors, viscosity improvers and similar preparations
38.15	Prepared rubber accelerators
38.19	Chemical products and preparations of the chemical and allied industries
39.01	Condensation, polycondensation and polyaddition products
39.02	Polymerisation and co-polymerisation products