

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Special Distribution

Multilateral Trade Negotiations

Group "Non-Tariff Measures"

Sub-Group "Customs Matters"

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CUSTOMS VALUATION

Addendum

1. At its meeting in May 1975, the Sub-Group "Customs Matters" agreed "that participants should transmit to the GATT secretariat in writing by 15 September 1975 specific suggestions, accompanied by notes explaining the objectives of these suggestions, for the elements that they wished to have included in any new set of international rules on customs valuation to be adopted in the context of the Multilateral Trade Negotiations" (MTN/NTM/4, paragraph 6 and GATT/AIR/1189).

2. A communication from the European Communities has been received and is reproduced hereunder.

The Community submits a document setting out the principles and rules which they wish to see embodied in any such set of international rules. The principles laid down in the document follow, with certain additions, those upon which the Brussels Definition of Value is based and which were already mentioned in the "ad referendum" document of 1971 (COM.IND/W/64). The rules are intended to provide the necessary uniformity and certainty in the implementation of these principles.

The Community is of the opinion that at this stage of the negotiations an agreement on these principles and rules should be reached before matters of detail are discussed.

Principles

1. Dutiable value should be based on simple and equitable criteria which do not cut across commercial practices and reflect a price obtainable on a sale to the market in the country of importation.
2. Valuation procedures should be of general application without distinction between sources of supply.

3. The determination of customs value should be neutral in its effect and should not be used as a means of providing additional protection by artificially increasing the value of the imported goods.
4. The determination of customs value should protect trade against unfair competition arising from undervaluation and overvaluation.
5. The determination of customs value should be based to the greatest possible degree on commercial documents which are available in the country of importation and relate to the imported goods.
6. The procedure of the determination of customs value should keep formalities to a minimum and should not prevent quick clearance of goods. 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.
7. The legal and administrative provisions concerning customs valuation should be accessible to the general public and should be sufficiently clear and precise to enable traders to estimate, in advance, with a reasonable degree of certainty, the value of their goods for customs purposes.
8. Valuation practices should take into account the need to safeguard business secrets.
9. Valuation decisions of customs authorities should be open to appeal to an independent and impartial body.
10. Valuation procedures should not be used to combat dumping.

Rules

1. A definition of customs value should describe the basic elements needed for valuation, i.e., the price, time, place, commercial level and quantity factors to be taken into consideration. It should also state clearly that the value to be determined is that of the goods actually being imported.
2. The value for customs purposes is the price at which the goods are sold or would be sold with a view to importation into the country of importation in the ordinary course of trade under fully competitive conditions between a buyer and a seller independent of each other, where that price is the sole consideration.
3. When the goods to be valued have been imported as a consequence of such a transaction, the price paid or payable under that contract of sale shall be the value for customs purposes subject only to adjustments as necessary in respect of costs, charges and expenses incidental to the sale and the delivery of the goods.

4. In other cases the price paid or payable should also be taken as the basis of value as far as possible.

5. When the price requires adjustment, for example, because it is not the sole consideration or because it is influenced by association between buyer and seller, such adjustment should be reasonable having regard to the circumstances of the particular importation.