1 ARTICLES OF THE AGREEMENT ON IMPLEMENTATION OF ARTICLE VII OF THE
GENERAL AGREEMENT ON TARIFFS AND TRADE 1994

1.1 Text of Article 2

Article 2

1. (a) If the customs value of the imported goods cannot be determined under the
provisions of Article 1, the customs value shall be the transaction value of identical
goods sold for export to the same country of importation and exported at or about the
same time as the goods being valued.

(b) In applying this Article, the transaction value of identical goods in a sale at
the same commercial level and in substantially the same quantity as the goods being
valued shall be used to determine the customs value. Where no such sale is found,
the transaction value of identical goods sold at a different commercial level and/or in
different quantities, adjusted to take account of differences attributable to commercial
level and/or to quantity, shall be used, provided that such adjustments can be made
on the basis of demonstrated evidence which clearly establishes the reasonableness
and accuracy of the adjustment, whether the adjustment leads to an increase or a
decrease in the value.

2. Where the costs and charges referred to in paragraph 2 of Article 8 are included in the
transaction value, an adjustment shall be made to take account of significant differences in
such costs and charges between the imported goods and the identical goods in question arising
from differences in distances and modes of transport.

3. If, in applying this Article, more than one transaction value of identical goods is found,
the lowest such value shall be used to determine the customs value of the imported goods.

1.2 Text of interpretative note to Article 2

Note to Article 2

1. In applying Article 2, the customs administration shall, wherever possible, use a sale of
identical goods at the same commercial level and in substantially the same quantities as the
goods being valued. Where no such sale is found, a sale of identical goods that takes place
under any one of the following three conditions may be used:

(a) a sale at the same commercial level but in different quantities;

(b) a sale at a different commercial level but in substantially the same quantities; or

(c) a sale at a different commercial level and in different quantities.

2. Having found a sale under any one of these three conditions adjustments will then be
made, as the case may be, for:

(a) quantity factors only;

(b) commercial level factors only; or

(c) both commercial level and quantity factors.
3. The expression "and/or" allows the flexibility to use the sales and make the necessary adjustments in any one of the three conditions described above.

4. For the purposes of Article 2, the transaction value of identical imported goods means a customs value, adjusted as provided for in paragraphs 1(b) and 2, which has already been accepted under Article 1.

5. A condition for adjustment because of different commercial levels or different quantities is that such adjustment, whether it leads to an increase or a decrease in the value, be made only on the basis of demonstrated evidence that clearly establishes the reasonableness and accuracy of the adjustments, e.g. valid price lists containing prices referring to different levels or different quantities. As an example of this, if the imported goods being valued consist of a shipment of 10 units and the only identical imported goods for which a transaction value exists involved a sale of 500 units, and it is recognized that the seller grants quantity discounts, the required adjustment may be accomplished by resorting to the seller’s price list and using that price applicable to a sale of 10 units. This does not require that a sale had to have been made in quantities of 10 as long as the price list has been established as being bona fide through sales at other quantities. In the absence of such an objective measure, however, the determination of a customs value under the provisions of Article 2 is not appropriate.

1.3 General

1. At its meeting of 12 May 1995, the Committee on Customs Valuation adopted the decision of the Tokyo Round Committee on Customs Valuation relating to the rectification of the French text of paragraph 1 of the Note to Articles 2 and 3.¹

¹ G/VAL/M/1, paras. 66-67. See also G/VAL/W/1, Section A.5. The decision can be found in G/VAL/5, Section A.5.