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Remarks on Article 18 by the Uruguayan observer

Article 18 provides that value for duty purposes should be based on actual value.

In order to stabilise values, thereby simplifying the work of customs officers and providing safeguards for business transactions, certain countries assess the value of products on a more or less long-term basis. Ad valorem duties are therefore levied on the basis of this fixed valuation.

Will the application of the system outlined in Article 18 involve the elimination of this method of making fixed valuations? Or does it merely mean that when customs duties charged on a product are based on its value they are to be based on its actual value?

If fixed valuations are eliminated because they do not always correspond to actual value at the time when the customs duty is applied, specific duties must also be eliminated. A duty of 31% on a product valued at 3 pesos per kilo amounts to the same as a specific duty of \$0.93 per kilo, no matter how the actual value may vary.

Only ad valorem duties would therefore be based on actual values. If this is the intention of Article 18 of the Charter, I venture to point out that it would cause serious complications in customs operations in countries with only limited facilities for investigation and inspection. For them it would mean a retrograde step in the technique of applying customs duties and would add to the uncertainty as to the amount of the customs duties payable and the variations in such duties.

It should therefore be clearly stated whether Article 18 replaces the system of estimated values by that of actual values, or whether it allows for the retention of both methods of valuation, on the understanding that ad valorem imports will be assessed on the basis of actual values and fixed valuations will be applied to products previously valued by appropriate bodies.