

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

MTN/NIM/W/206/Add.1
19 December 1978

Special Distribution

Multilateral Trade Negotiations

Original: English

Group "Non-Tariff Measures"

Sub-Group "Customs Matters"

CUSTOMS VALUATION

Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade

Addendum

Statement by the Canadian Delegation at the Meeting of Sub-Group "Customs Matters" on 14 December 1978

At this juncture, the Canadian delegation does not wish either to associate itself or to disassociate itself from the draft of an agreement on valuation as set out in this GATT document. Clearly, this draft agreement proposes a number of rules which are attempts to solve many difficult problems in this complex area.

During the course of the negotiations the Canadian delegation has identified a number of classes of transactions which, in Canada's particular trading circumstances, would be difficult to value on the basis of the sorts of provisions set out in the draft agreement. These classes of transactions cover used goods, other than prime quality goods, closeouts, remnants, discontinued lines, so-called job lots, and surplus or obsolete goods. Following discussions with other delegations, we have concluded that, were Canada to adopt an agreement along the lines of this draft, this matter could be dealt with by an appropriate reservation.

A matter of much more serious concern to the Canadian delegation is that the agreement envisages moving away from the definition of actual value set out in paragraph 2(b) of Article VII of the General Agreement. This paragraph provides that actual value should be the price at which imported or like goods are sold or offered for sale "in the ordinary course of trade under fully competitive conditions". This concept is interpreted in Article VII. The Canadian delegation is not persuaded that an international valuation agreement satisfactory to Canada's needs can be devised without this fundamental provision of Article VII being fully reflected in the detailed provisions.

The Canadian delegation will continue to follow closely the detailed revisions to the draft (including revisions of the interpretative notes) which are expected to appear in the weeks ahead. The Canadian delegation intends also to examine very closely the drafts of implementing legislation and related regulations prepared by other governments.