At the Seventh Session, the CONTRACTING PARTIES were requested to submit reports on the steps taken by them to give effect to the principles of Article VII of the General Agreement and to describe the methods they apply in determining the value of imported goods for customs purposes. The reports submitted were circulated in document L/81 Addenda 1, 2 and 3.

According to the terms of reference, the Working Party examined the statements submitted by contracting parties, with special reference to the steps taken to conform to the principles of Article VII. The Working Party commenced its work by examining the statements furnished by the various countries concerning their national regulations on valuation.

In order to compare the various national provisions, the Working Party prepared the table, annexed to this report, in which the principles contained in Article VII of GATT are set out in the form of questions. A few subsidiary questions have been added. It should be clearly understood that this synopsis is for purposes of comparison only, and is not intended to replace the fuller particulars contained in the statements furnished by the contracting parties.

This examination showed that only a few countries are applying, to a very limited extent, regulations which are not in conformity with Article VII of GATT. The following cases should be specially mentioned:

Because of the fact that most countries are already applying valuation systems which are in conformity with Article VII, the Working Party did not consider it possible to make further proposals. In particular, it was not considered advisable to recommend, for the time being, any step towards a further unification of the regulations on valuation. Regard was paid to the Brussels Convention on Valuation, and also to Resolution 469B (XV) of the Economic and Social Council, relating to compilation of Trade Statistics, but it was not considered that world-wide adoption of a c.i.f. basis of value (or any other basis) could be recommended at present. In this connection the representative of the Customs Co-operation Council pointed out that the Council was open to all countries. Although the Brussels Definition of Value adopts a c.i.f. basis, the definition could possibly be adapted to provide for countries which wish to maintain an f.o.b. basis.

The Working Party also considered certain other problems on a comparative basis, not connected with the question whether these regulations are in conformity with Article VII. Such points included the question of the acceptance of the invoice as a basis of valuation which is of special interest to the International Chamber of Commerce, and the further question as to which countries are applying c.i.f. or f.o.b. values.
The Working Party also took note of a letter from the International Air Transport Association regarding air freight. The Working Party was not able to make recommendations on this point, since it was not in a position to make any proposals for a uniform definition of value.

Regarding the general interest, the Working Party recommends that document L/81 and its addenda, together with the report should be derestricted after the close of the Session.
METHODS OF VALUATION FOR CUSTOMS PURPOSES

Synopsis of the Statements
Received from the Contracting Parties

QUESTION 1 (referring to Article VII: 2(a) GATT)

Is valuation based on the "actual value" of the imported merchandise on which duty is assessed?

All countries answered this question affirmatively. Countries basing their values on the internal price of goods on the foreign market, either normally or exceptionally, i.e., Australia, Norway, Southern Rhodesia and the United States added to the affirmative answer "with exceptions". India and Pakistan, which apply "fixed values" in a few cases, mentioned this fact as an exception to the affirmative answer.

QUESTION 1a

Is valuation based on the value of the imported merchandise (A) or on like merchandise (B)?

The answers given by the various countries are shown in the attached table.

QUESTION 1b

Is the invoice value in practice accepted as the actual value, when the goods imported are subject to a bona fide sale?

The answer to this question showed that all countries are, in practice, accepting the invoice value in most instances as a proof of the "actual value" in the sense of the GATT definition.

QUESTIONS 2 and 3 (referring to paragraph 2a of Article VII GATT)

Is valuation based on the value of merchandise of national origin (question 2) or on arbitrary or fictitious values (question 3)?

All countries replied in the negative.
QUESTION 4 (referring to Article VII:2(b) GATT)

At what time is the value determined under the law?

Answers - see table.
Deposit of customs declaration (A)
Registration of " " (B)
Clearance (C)

Other terms, such as purchase, are given in full on the table.

QUESTION 5 (referring to Article VII:2(b) GATT)

What is the place at which the value is to be determined?

Answers - see table.
Internal domestic market of the exporting country (A)
Place of exportation in the exporting country (B)
Place of importation in the importing country (C)
Internal market of the importing country (D)

QUESTION 5a

Is valuation based on c.i.f. or f.o.b. values?

Answers - see table.

QUESTION 6 (referring to Article VII:2(b) GATT)

Do provisions exist that valuation shall be based on comparable quantities etc., as stipulated in Article VII:2(b)?

Answers - see table.

QUESTION 7 (referring to Article VII:2(b) GATT)

Is there a general rule governing the method of assessing value where the goods are not sold "under fully competitive conditions"?

Answers - see table.

QUESTION 8 (referring to Article VII:2(c) GATT)

Do provisions exist that when the "actual value" is not ascertainable in accordance with Article VII:2(b), valuation shall be based on the nearest ascertainable equivalent of such value?

Answers - see table.
QUESTION 9 (referring to Article VII:3 GATT)

Are internal taxes, applicable within the country of origin or export from which the imported product has been exempted or has been or will be relieved by means of refund, excluded from value as determined for customs purposes?

Answers - see table.

QUESTION 10 (referring to Article VII:4(a) and (b) GATT)

Are the conversion rates of exchange to be used for converting prices expressed in the currencies of other countries, based on par values for the currencies involved as established under the International Monetary Fund or under special exchange agreements?

Answers - see table.

QUESTION 10a

What basis is used for other currencies?

All countries except the United States convert other currencies at the current bank rates of exchange.

QUESTION 11 (referring to Article VII:4(c) GATT)

Is special provision made for the conversion of currencies in respect of which multiple rates of exchange are maintained, and in such cases are the rules of conversion designed to reflect effectively the value of such foreign currency in commercial transactions?

Answers - see table.

QUESTIONS 12 and 13 (referring to Article VII:5 GATT)

Are the bases and methods of determining value stable (question 12), and are these bases and methods given sufficient publicity to enable traders to estimate the value for customs purposes (question 13)?

The answers showed that all countries which have answered that questionnaire have stable regulations and give them sufficient publicity.
QUESTION 14 (referring to Article VII:1 GATT)

If there are other charges on importation (other than internal taxes or their equivalent), are the same methods of valuation applied to such charges?

Answers - see table.

QUESTION 15 (referring to Article VII:1 GATT)

Are the methods of valuation employed for the application of quantitative restrictions compatible with Article VII of GATT?

All countries imposing quantitative import restrictions indicated that the methods of valuation employed for the purposes of these restrictions are compatible with Article VII of GATT.
### TABLE A

**METHODS OF VALUATION FOR CUSTOMS PURPOSES**

Synopsis of the Statements Received from the Contracting Parties

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<th></th>
<th>Austria</th>
<th>Benelux</th>
<th>Denmark</th>
<th>France</th>
<th>Germany</th>
<th>Greece</th>
<th>Italy</th>
<th>Norway</th>
<th>Sweden</th>
<th>United Kingdom</th>
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* no special provision
** no other charges
## TABLE B

### METHODS OF VALUATION FOR CUSTOMS PURPOSES

Synopsis of the Statements Received from the Contracting Parties

<table>
<thead>
<tr>
<th>Australia</th>
<th>Canada</th>
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<th>India</th>
<th>New Zealand</th>
<th>Pakistan</th>
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* no special provision ** n.o.ch. other charges
Footnotes

1. Including uniformly assessed values in the sense of paragraph 2:4 of the Interpretive Notes to Article VII.

2. Valuation on the basis of the American selling price is provided for a few products under paragraphs 27 and 28 of Section 336 of the Tariff Act of 1930. (U.S.A.)

3. In New Zealand the customs value is based on the current domestic value plus 10 per cent. 

4. In connection with the question of valuation, the value of foreign currencies has to be taken into consideration, the conversion takes place on the basis of the official rate of exchange in force on the day for which the value is to be determined. (Greece)

5. The procedure followed in Italy for the conversion of prices expressed in foreign currency conforms to the principles stated in this paragraph.

Except for the price of goods coming from countries with which Italy has concluded payment agreements establishing a particular rate of exchange, the conversion is effected as follows:

(a) for convertible currency the conversion is based on the average weekly rate of exchange obtained from daily quotations of the preceding week in the stock exchanges of Rome and Milan;

(b) for other currencies, the conversion is based on the rate of exchange equal to the ratio between the official par value in U.S. dollars and declared for each of these currencies, and the average weekly rate of exchange of the U.S. dollar, obtained by the method described in paragraph (a) above.

All the above rates of exchange, including those in (a) and (b) above which are established in accordance with the Decree of 21 September 1949, No. 644, by the Treasury, in agreement with the Italian Exchange Office (U.I.C.), are communicated to the customs officials each week by the Ministry of Finance, Department of Customs and Indirect Duties.

Prices and charges expressed in foreign currencies shall be converted into Italian lire at the official rate of exchange applied by the Customs Administration on the date when the verification of the merchandise is undertaken.
6. For the conversion of foreign currencies in connection with the calculation of Customs value, the Rules for Application of the Customs Value Ordinance (adopted 29 November 1929) state that the rate to be applied is the selling rate given in the last official quotations available to the customs post at the time when the customs assessment takes place. (Sweden)

7. Where the invoice shows the value of the goods in any currency other than that in force in New Zealand the value in such last-mentioned currency shall be ascertained according to a fair rate of exchange, to be declared in case of doubt by the Minister. In any such case the Minister may fix the rate of exchange by reference to the banking rate of exchange, or the mintage rate of exchange, or a rate of exchange intermediate between the banking and mintage rates. For the purposes of this subsection the term "mintage rate of exchange" means the rate of exchange computed with reference to the relative values of the sovereign and of the gold or silver monetary unit of the country of export, and the term "banking rate of exchange" means the rate of exchange computed in accordance with the practice of bankers for the time being.

8. In practice in most cases the commercial rates of exchange certified daily by the Federal Reserve Bank of New York are used in the conversion of foreign currencies for customs purposes in the United States.

(Tariff Act of 1930, Section 522, Conversion of Currency)

(a) Value of Foreign Coin proclaimed by Secretary of Treasury. - Section 25 of the Act of 27 August, 1894, entitled "An Act to reduce taxation, to provide revenue for the Government, and for other purposes", as amended, is reenacted without change as follows:

"Sec. 25. That the value of foreign coin as expressed in the money of account of the United States shall be that of the pure metal of such coin of standard value; and the values of the standard coins in circulation of the various nations of the world shall be estimated quarterly by the Director of the Mint and be proclaimed by the Secretary of the Treasury quarterly on the 1st day of January, April, July and October in each year."

(b) Proclaimed Value Basis of Conversion. - For the purpose of the assessment and collection of duties upon merchandise imported into the United States on or after the day of the enactment of this Act, wherever it is necessary to convert foreign currency into currency of the United States, such conversion, except as provided in subdivision (c), shall be made at the values proclaimed by the Secretary of the Treasury under the provisions of section 25 of such Act of 27 August 1894, as amended, for the quarter in which the merchandise was exported.
(c) Market Rate when no Proclamation. - If no such value has been proclaimed, or if the value so proclaimed varies by 5 per centum or more from a value measured by the buying rate in the New York market at noon the day of exportation, conversion shall be made of a value measured by such buying rate. If the date of exportation falls upon a Sunday or holiday, then the buying rate at noon on the last preceding business day shall be used. For the purposes of this subdivision such buying rate shall be the buying rate for cable transfers payable in the foreign currency so to be converted; and shall be determined by the Federal Reserve Bank of New York and certified daily to the Secretary of the Treasury, who shall make it public at such times and to such extent as he deems necessary. In ascertaining such buying rate such Federal reserve bank may in its discretion (1) take into consideration the last ascertainable transactions and quotations, whether direct or through exchange of other currencies, and (2) if there is no market buying rate for such cable transfers, calculate such rate from actual transactions and quotations in demand or time bills of exchange.