7. Proposed amendment to paragraph 2(b)

Instead of the actual wording, which reads:

"'Actual value' should be the price at which, at a time and place determined by the legislation of the country of importation and in the ordinary course of trade, such or like merchandise is sold or offered for sale under fully competitive conditions"

the following wording should be inserted:

"'Actual value' should be the price at which, at a time and place determined by the legislation of the country of importation such or like merchandise is sold or offered for sale in the ordinary course of trade under fully competitive conditions" (Italy, W.9/61 page 2).

The Italian delegate explained that this proposal was intended solely as an improvement of the wording and was not intended to make any change in substance.

The members of the Technical Group were only partially in favour of the Italian amendment. The representatives who were against it pointed out that a text which had until now proved to be satisfactory should not be changed solely for drafting reasons, as it might give rise to the belief that the change had been made for other reasons. However, the majority of the members of the Technical Group were in favour of adopting the Italian proposal, as well as the corresponding proposal to modify the wording of the interpretative note to paragraph 2, which should read as follows:

"It would be in conformity with Article VII, paragraph 2(b), for a contracting party to construe the phrase in the ordinary course of trade under fully competitive conditions as excluding any transaction wherein the buyer and seller are not independent of each other and price is not the sole consideration" (Italy, W.9/61, page 4).

8. Proposed amendment to paragraph 2(b)

"To the extent to which the price of such or like merchandise is governed by the quantity in a particular transaction, the price to be considered should uniformly be related to quantities comparable to the quantities submitted to the customs authority for valuation purposes". (Italy, W.9/61, page 2).

This proposal sought to suppress the second choice left to contracting parties to base the valuation on the quantity not less favourable, etc.

After a declaration by the South African representative that South Africa would have to insist on the retention of this provision, the Italian representative withdrew the proposal, which he explained was only put forward for the reason of simplification and under the impression that no country could have any interest in that regulation.
9. Proposed amendment to paragraph 2(b)

"To the extent to which the price of such or like merchandise is
governed by the quantity in a particular transaction, the price to
be considered should uniformly be related to either:

(i) comparable quantities, quantity rebates usual in trade
    being allowed,

or

(ii) quantities not less favourable to importers than those
    in which the greater volume of the merchandise is sold
    at the first phase of distribution usual in the particular
    line of business in the trade between the countries of
    exportation and importation" (Germany, L/261/Add.1, page 8).

This proposal includes two separate changes. The first refers to the
acceptance of usual allowances for quantity and in this connection the Technical
Group felt the proposed amendment might lead to misunderstanding, without
offering any appreciable improvement of the last, which was clear in itself.
The proposal was, therefore, not adopted. The second change relates to the
problem of level of distribution and, the Technical Group considered this not
the appropriate place to deal with the problem although it might be possible
to examine it separately. This part of the amendment was, therefore, also
rejected.

10. Paragraph 2(b), amendment suggested

"Where the merchandise to be valued is not imported as the result of a
purchase and where the purchase price is not known or cannot be
ascertained, the sum of production costs plus selling costs plus a
normal profit may be regarded as constituting the 'actual value' of
the imported merchandise" (Germany, L/261/Add.1, page 9).

Attention was drawn to the fact that the problem of finding the value of
goods temporarily imported, such as rented machines, and so on, is such a
particular case that it was not appropriate to deal with it in Article VII.
The Technical Group did not, therefore, accept this proposal."