1. The value for customs purposes of imported merchandise is the "actual value", which is understood to be the price at which, at a time and place determined by the legislation of the country of importation, the merchandise imported or like merchandise is sold or would be sold to that country in the ordinary course of trade under fully competitive conditions.

For countries which base their valuation on a c.i.f. price, that price includes the costs of delivery to the place of introduction into the country of importation.

For countries which do not base their valuation on a c.i.f. price the price to be taken into consideration includes the costs of delivery of the merchandise to the place defined in the legislation of the country of importation (e.g. ex factory, at railhead, at the dock, free on board ship or delivered to aircraft).

2. For the purpose of Article VII paragraph 2(b), "like merchandise" is understood to mean a product of the same origin and similar in all respects to the product imported or, in the absence of such a product, another product of the same origin as the product imported, whose characteristics closely resemble those of the product imported (in particular as regards condition, type, quality, etc.).

3. The price of "like merchandise" should be used as a basis for customs valuation only in cases where the "actual value" of the merchandise cannot be determined on the basis of the price paid or payable or of the price made by the vendor to other purchasers in the importing country for identical merchandise.

4. Value should be determined in accordance with the foregoing Interpretative Notes. However, in cases where actual value cannot be ascertained in this fashion, Article VII paragraph 2(c) is applicable. The "nearest ascertainable equivalent" within the meaning of that sub-paragraph should be based on information available on the importing market, such as:
- the price of merchandise conforming to the definition of "like merchandise" given in Interpretative Note 2 above in all respects except that it originates in a country other than the country of origin of the merchandise to be valued, provided that in that other country the conditions of production (including wage rates) are comparable to those in the country of origin of the merchandise to be valued, and prices are established in fully competitive conditions;

- if the imported merchandise is sold or resold, the price made on the first sale or resale in fully competitive conditions, such price being adjusted to take account of the various elements that should not be included in the customs value as defined in Interpretative Note 1; or

- any other element that can constitute a valid basis for determining the value for customs purposes (for example, rental during the normal lifetime of the merchandise, value shown in the balance sheet as an asset).

In the few cases where it is not possible to determine the value for customs purposes in accordance with the foregoing, contracting parties should give full consideration to such information as may be provided by the importer and/or the exporter.

5. If there is a difference between the price paid or payable for the imported merchandise and a value obtained by other methods, that should not in itself constitute a reason for rejecting the price paid or payable. There may be acceptable reasons for the difference; e.g. technical developments in the exporting country, different distribution methods, etc.

6. With regard to the elements of level, quantity and time, contracting parties should respect economic reality and commercial practice and, inter alia
- accept the usual quantity rebates even in the case of fulfilment of a contract in successive consignments;

- take into account the time required for executing the contract in the branch of trade in question.

7. In accordance with paragraph 2(a) of Article VII, the value of imported merchandise for customs purposes should not be based on arbitrary or fictitious values. In this context, notes 1-5 above describe the calculation of actual
value and indicate other acceptable methods of valuation to calculate the nearest ascertainable equivalent to actual value. The value of imported merchandise for customs purposes should in no case be based on the price of goods of national origin, nor on the price of goods in the domestic market of the exporting country, nor on any system of valuation based on the concept of minimum value.

8. The value for customs purposes of any imported product should not include the amount of any customs duty 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.

9. The importer should be made responsible for the accuracy of his customs valuation declaration.

10. On the request of a trader the customs administration shall explain in advance the general principles and practices for the calculation of value for customs purposes.

11. On the request of the importer or exporter the customs administration shall explain how the customs value has been calculated for the imported goods, provided the confidentiality of business secrets is safeguarded.

11 bis. On the request of the person declaring the goods the customs administration shall explain how the value for customs purposes has been calculated for his goods.

12. Consistent with Article X:3(b), each contracting party shall provide a procedure for appeal to an independent and impartial administrative and/or judicial body against valuation decisions of its customs authorities.

The following additional proposals were made:

Contracting parties having valuation systems which require them to take into account prices of the same or like product in the markets of exporting countries, undertake to modify them to bring them in conformity with paragraph 7. In cases
however, where for some compelling reasons any contracting party considers it desirable to take into account in addition to actual value as defined in paragraph 1, other values, it should instead of current domestic value, take into account:

(a) invoice prices of the exporting country of like merchandise to its major export country; or

(b) invoice prices generally obtained by the exporting country for like merchandise for exports to other third country markets.

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- Minimum value systems should be abolished.
- Valuation systems based on domestic values should be abolished.
- Different practices as regards the use of so-called "up-lifts" should be harmonized.
- Contracting parties applying the BCV but not yet signatories should be encouraged to accede to the Convention.