Proposals by the European Communities Concerning Valuation

1. From the outset of the work of Group 2, the European Communities have considered that the problems which arise concerning valuation for customs purposes call for an overall solution and that only the harmonization of valuation systems can contribute substantially to the expansion of international trade under conditions of stability and certainty.

2. On several occasions, the European Communities have expressed the opinion that the harmonization of valuation systems on the basis of the Brussels Definition provides the best solution to the problem of valuation for customs purposes. They have, moreover, adopted this idea as the long-term solution.

3. For the short term, they propose that efforts be directed towards a certain harmonization of valuation systems on the basis of economic and commercial facts, which is the only basis calculated to ensure an equitable valuation of imported goods. To this end, they consider it advisable to draw up rules acceptable to all members of the Group, for application by all the contracting parties.

4. The essential features of these rules might be as follows:

- the definition of arbitrary or fictitious values as:

  "any value which is not based on the price paid or obtainable under fully competitive conditions on the market of the importing country";

- explanation of the definition of "actual value", which should be understood as 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 c.i.f. countries, this price should be understood as being "for delivery at the point of entry into the importing country". For f.o.b. countries, this price could be the f.o.b. price in the exporting country charged to the importing country;

- making the importer responsible for the accuracy of his declaration;
- restricting the use of the concept "like merchandise" to exceptional cases in which the price of the goods cannot be considered as being their actual value;

- the definition of the expression "like merchandise" as an identical product, i.e. similar in every respect to the product imported or, in the absence of such a product, another product which, although not similar in every respect, has characteristics closely resembling those of the imported product (same origin, same type, same quality etc.);

- following the economic and commercial facts with regard to the elements of level, quantity and time and hence, in particular;

  - applying the usual quantity rebates even in the case of staggered consignments;

  - taking into consideration the time required for executing the contract in the industry considered.