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1.

**EXPERIENCE GAINED FROM THE FIXING OF EXPORT
PRICES DURING THE INFLATION PERIOD IN GERMANY.**

Transmitted by Dr. Trendelenburg,

Member of the Preparatory Committee
for the International Economic Conference.

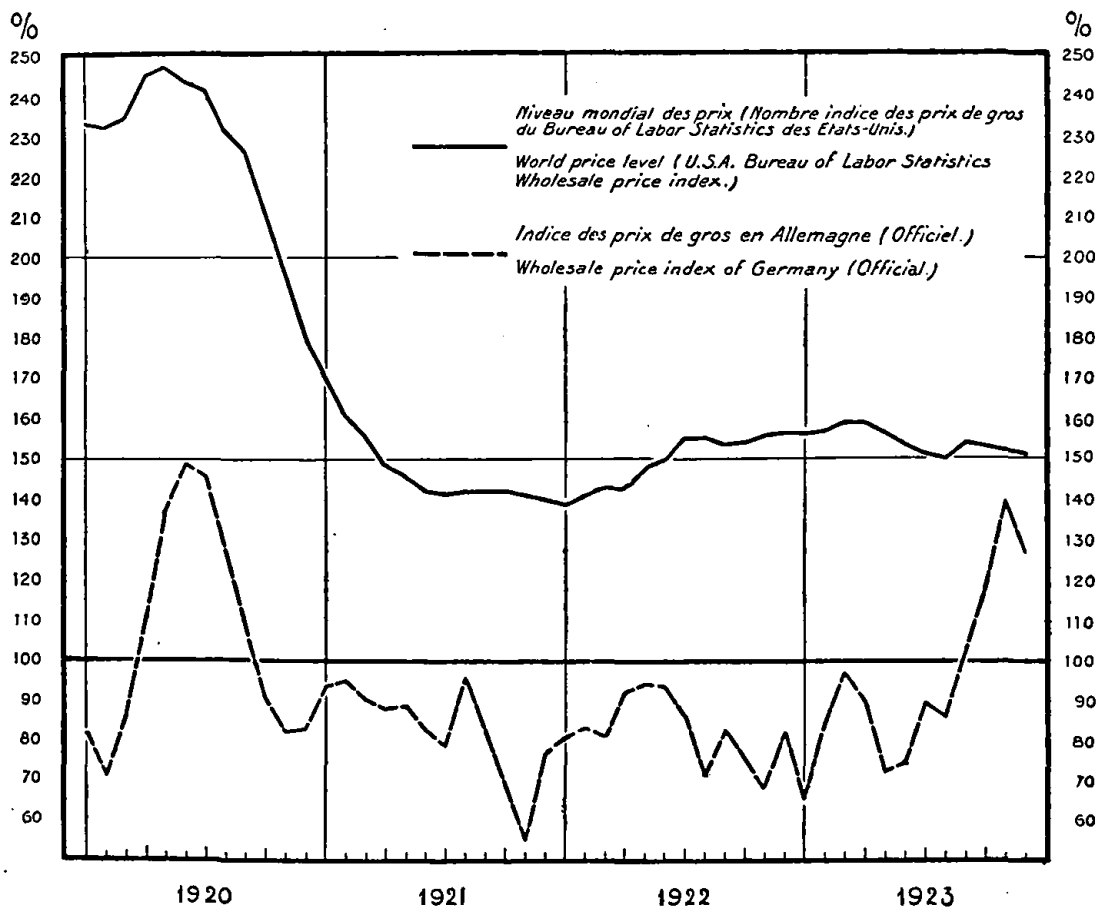
EXPERIENCE GAINED FROM THE FIXING OF EXPORT PRICES DURING
THE INFLATION PERIOD IN GERMANY.

It is one of the characteristic features of the morbid condition of inflation that the external purchasing power of money falls more rapidly than its internal value. Since wages and other outgoings, and also the value of stocks and credit transactions, are calculated in the national currency, the price of goods only gradually follows a rise in the foreign exchanges, so that prices in the home market are at times substantially below the world-market level. This difference of level is frequently enhanced by the action of countries with a depreciating currency, which, instead of concentrating their attention exclusively on the elimination of the cause, namely, inflation, endeavour to protect the mass of consumers, who are the sufferers from depreciation against the symptoms of the evil. This policy, from which no country suffering from inflation has been deterred by the unhappy experiences of its predecessors, leads as a rule to a series of artificial measures, intended to retard the process of adjustment of home prices to the level of those ruling in the world market, by means of State intervention in the economic field, or by failing to readjust the old scale of duties and tariffs. The German Government was further driven to adopt this line of economic policy by the fact that the international political situation at that time made Germany impotent to avoid inflation by her own unaided effort. Internal economic measures of this kind are also, it is true, accompanied by serious endeavours to exercise corresponding pressure on the rates of foreign exchange and to prevent the flight of capital and harmful speculation. But so long as inflation lasts, the results of this policy can only be mediocre in a sphere which does not come wholly within the sovereignty of national Governments. During the inflation period in Germany, State intervention in the home market, combined with export restrictions, largely contributed to bring about the result that — from the standpoint of the paper mark — internal prices followed the rise in the world market only slowly and at a distance; from the gold standpoint, there was a constant and substantial difference between the level of home and world-market prices. The measure of the failure to restrict the paper mark as a standard of valuation to the home market while maintaining the price of exports on a gold basis was a difference in internal and external price levels which inevitably led to the sale at ruinously low prices of goods available to export, and thus the balance of trade was adversely affected. Consequently, by the logic of circumstances, the Reich was brought to a policy of State control of export prices and the enforcement of minima, in sharp contradiction to the accepted policy of keeping down internal prices. It is easy to understand how German economic policy was forced in this direction, if the curve of prices in the world market and of German wholesale prices are borne in mind, calculating the latter in terms of the gold dollar exchange.

From 1916 — when official price control was introduced — until 1923, the average annual index numbers were as follows:

	World-Market Price Level ¹	German Wholesale Prices in Gold
1916	127	116.4
1917	177	114.5
1918	194	153.6
1919	206	96.9
1920	225	105.8
1921	147	82.7
1922	149	82.0
1923	154	95.1

The accompanying diagram shows the development of these two index numbers together with the monthly fluctuations from 1920 to 1923.



¹ Index figures for wholesale trade, U.S.A. Bureau of Labor Statistics.

The beginnings of the official regulation of export prices date back to 1916, in the middle of the war, and were due to currency policy considerations. The policy hitherto pursued of strangling export was found to be opposed to economic requirements. In face of a steadily increasing demand for imports, it became necessary to adopt a positive policy in regard to exports. Export restrictions were therefore somewhat relaxed; export licences were issued more freely. Minimum prices for export were fixed with a view to obtaining returns sufficient to finance the importation of the foreign commodities essential to the national life.

The system of regulating export prices which was carried out in Germany from 1916 onwards was as follows:

Special export licences were required, and these were only issued on condition that minimum prices were observed. Minimum prices were established by "Price Control Bureaux", set up by the technical associations of the various industries. In order to achieve the general economic aims of this system and also for reasons of national finance, export duties were at first levied on certain categories of goods (especially chemical products, coal and salt), and in 1920 on nearly all classes of goods.

After the war, export control was at first considerably restricted. In 1919, however, the rapid fall of the mark, following upon the raising of the economic blockade, caused an extraordinary increase in the difference between internal and foreign prices. The result was an inordinate drain of goods (so called *Ausverkauf*), which threatened to create a sharp rise in internal prices — based on the paper mark — and thus endanger national supplies. The system of export price control was therefore reorganised on a broader basis and extended to practically all German exports. Special officials such as the "Reich Commissioner for Export and Import Licences", and "Foreign Trade Offices", divided into specialised technical sections and working in close contact with the industrial associations, issued export licences subject to adherence to the minimum prices. In addition, there was a system of rationing the export of certain important goods, foodstuffs and industrial raw materials. It was sought to enforce the observance of these provisions by penalties, the inspection of books and the usual measures employed by price cartels.

The system, however, had to contend against great difficulties. Although the general principles underlying the regulation of export prices were accepted in theory by those concerned, nevertheless, in practice there was considerable resistance, especially in commercial circles.

The fixing of minimum prices, which was comparatively easy in respect of mass products, met with great difficulties in the case of finished goods. Raw materials and semi-manufactured goods can in a certain sense be regarded economically as *fungibiles res*, and the price level in the world market can be ascertained in respect of numerous goods of this category from the daily quotations in international markets or can easily be deduced from these quotations. As goods approach the category of finished goods, and still more if they are individual in character, the difficulty in estimating world rates and fixing corresponding minimum prices increases. Those concerned with the regulation of export prices experienced the same difficulties as are encountered by the price-fixing associations so widespread in German industry. Only

certain marketable goods are *Kartelfähig*, that is, suitable objects for price-fixing cartels among the producers. Thus the determination of the minimum price of goods outside the national sphere of the cartel system proved difficult and its maintenance troublesome.

There were other difficulties. Germany was not the only country to suffer from the effects of inflation. Similar phenomena occurred to a greater or less extent in other countries; in particular, a level of internal prices below the world-market level. German minimum export prices could therefore not be fixed on a uniform scale for all countries of destination, but had to be adjusted as far as possible to the special price conditions ruling in countries with low exchanges, otherwise Germany would lose the markets of those countries in competition with their own products. Not only were there difficulties in the way of fixing differential minimum prices; there were also defects in the practical working of the whole system. It was difficult for Germany to prevent goods which had been exported to countries with a depreciated exchange at low minimum prices from being re-exported by them to countries with a high exchange. This meant a breach of the higher minimum prices obtaining in the countries in question. In the case of mass products of low specific value, the cost of transport made the possibility of evasion of this kind a negligible factor, but in the case of finished goods of high value, such as optical and pharmaceutical products, it considerably upset the fixing of prices, which was already difficult enough.

The great majority of minimum prices were at first fixed in paper marks, since producers, whose output was still based entirely on this currency, were afraid to face the risk of an improvement in the mark, which would have entailed losses on goods invoiced on a gold basis. The result was that minimum prices had to be constantly adjusted to correspond to the frequent fluctuations of the mark, and yet in periods of rapid depreciation they still remained far behind the actual position of the mark. As inflation increased, therefore, this procedure proved more and more defective. It was only in the course of time that the principle was adopted of invoicing in the currency of countries with a high exchange or in gold marks. This movement was further supported by Government pressure, in particular by the duty imposed upon exporters to hand over foreign currency. The last doubts of exporters in regard to the adoption of gold prices were not finally removed until the paper mark had become valueless and no prospect remained of even a temporary recovery.

The actual technical difficulties to be overcome in carrying out this system of minimum export prices were very great. We need only consider what it means to standardise minimum prices of the multifarious exports of any country with typical finished industries to ensure that such regulations are observed by the countless private firms which contribute to the total exports of any industrial country, to prosecute offences to make the interests of the national economy prevail in face of the strongly opposing interests of individual producers and traders, of producers of raw material and the finishing industries, and of those producers grouped in price cartels and of isolated forms. And all this had to be accomplished in a period of mad speculation, grave encroachment of foreign Powers on German economic sovereignty, and great public unrest.

When, in the spring of 1923, the depreciation of the currency reached its final stage in consequence of the chaos in the Ruhr, the gold basis came to be adopted more and more in internal trade. Nominally, German costs of production approximated to the level abroad, and indeed were in actual practice considerably above it, since every producer lost large sums daily on purchasing the currency necessary to meet outgoings. It was high time to abandon the regulation of export prices when the Government took that step in August 1923.

In trying to assess the results of the regulation of export prices, the first fact that emerges is that this policy succeeded to some extent in modifying the reactions on the home market of the collapse of the currency. It was largely because of this that the catastrophic fall of the mark, in the winter of 1919-1920, and in the autumns of 1921 and 1922, did not lead to a complete economic crash and destruction of the social order. Undoubtedly, too, Germany retained from the standpoint of production certain valuable assets which would have been lost had the paper mark remained the basis of valuation for exports. But, in so far as it provided a cure only for a symptom, the system was powerless to prevent the collapse of the currency consequent upon the ever-increasing inflation; and, if it was hoped that the method of calculating German exports on a gold basis would deter foreign States from taking measures of retaliation against German "currency dumping", such hopes were only fulfilled to a very small extent.

2.

**DEPENDENCE OF TRADE ON CONTROL OF FOREIGN
EXCHANGE.**

Note by the Economic and Financial Section.

DEPENDENCE OF TRADE ON CONTROL OF FOREIGN EXCHANGE

The restrictions which a close control of exchange transactions necessarily imposes on freedom and rapidity of commercial transactions with foreign countries may be divided into two main categories:

1. Limitations of the *exporter's* right to the free use of foreign exchange due in settlement of goods exported, and, as a subsidiary consideration, the obligation to comply with certain conditions in order to obtain payment.

2. Conditions with which importers must comply in order to obtain foreign exchange for the payment of goods purchased by them abroad.

The accompanying table contains a summary of the information on both subjects obtained by the League Secretariat up to February 1st, 1927, in respect of a few countries where a certain control over foreign exchange transactions is still in force. It also shows in those countries the persons or institutions which alone are authorised to trade in foreign exchange and foreign means of payment.

The table contains information concerning the following thirteen countries: Austria, Belgium, Bulgaria, Czechoslovakia, Denmark, France, Greece, Hungary, Italy, Poland, Roumania, the Kingdom of the Serbs, Croats and Slovenes, and Spain. It will be noted that in several of these countries the measures still in force are not such as to constitute a serious obstacle to commercial operations. Countries in which no measures of control exist have been omitted, unless the measures were only recently abolished.

Conditions under which the Exporter may use foreign exchange derived from the sale of exported goods.

Conditions under which the Importer may purchase foreign exchange for the payment of imported goods.

POLAND. (*Decree of August 20th, 1926.*)

The investment abroad of capital derived from commercial transactions for periods exceeding thirty days is prohibited except with the special permission of the authorities. The purchase of foreign securities is regarded as an investment of capital.

The transfer of foreign exchange and the purchase of cheques or remittances made out in terms of foreign currencies may be effected only through the Polski Bank or a bank authorised to trade in foreign exchange, and on production of the necessary documentary evidence.

Conditions under which the Exporter may use foreign exchange derived from the sale of exported goods.

The collection of the proceeds of the sale of exported goods may be effected for certain goods only by the Polski Bank and, generally speaking, only by the said bank or a Polish bank authorised to trade in foreign exchange.

The exporter may not pay over such sums to individuals or legal entities domiciled in Poland until they have been converted into zlotys at the rate of the day.

Conditions under which the Importer may purchase foreign exchange for the payment of imported goods.

Such banks may not surrender foreign exchange except for duly attested economic requirements, *e. g.*, for the payment of goods imported.

The sale and export of securities abroad is prohibited except with the permission of the financial authorities.

GREECE.

In order to purchase foreign exchange for the payment of imported goods, the importer must produce documents proving beyond dispute that the purchase of such exchange is necessary.

The sale and purchase of foreign exchange may be effected on the exchange at the rate of the day, without being subject to any official rate fixed by the Government. The export of gold currency alone is prohibited.

DENMARK.

In order to purchase or sell foreign exchange at the official exchange rate, a declaration must be submitted in writing to the management of the National Bank at least one hour before the fixing of the rate.

SPAIN.

The purchase of foreign exchange is allowed only up to the amount required for imported goods and other commercial operations. Vouchers must accordingly be presented at the bank or to the exchange agent responsible for the operation, the said bank or agent noting the purchase of the currency on such vouchers.

Conditions under which the Exporter may use foreign exchange derived from the sale of exported goods.

Conditions under which the Importer may purchase foreign exchange for the payment of imported goods.

AUSTRIA.

Control of foreign exchange has been abolished since December 27th, 1926.

FRANCE.

Law of March 22nd, 1924, Article 72, and Ministerial Order of October 14th, 1925, Article 1:

The exporter is obliged to repatriate the price of any goods exported and sold directly the sum is placed at his disposal in one form or another, unless he can prove that he requires the said sum to pay for goods already imported or to be imported by him within six months.

Repatriation must be effected in francs within three months from the date on which the sum was placed at the exporter's disposal. If the remittance has been effected in foreign currency, it must be converted into francs within the same period.

Infringement of these provisions is under penalty of a fine or imprisonment.

Law of April 3rd, 1918, Article 4, § 3, and Law of March 22nd, 1924, Article 72, paragraphs 1 and 2:

For the payment of the sums due for purchases abroad, the importer must apply to a bank in possession of the register of exchange operations, and must submit a declaration in writing guaranteeing that the foreign exchange required or the capital exported is destined for the payment of goods imported or to be imported into France or the French Colonies or Protectorates within a period of six months.

This declaration must be accompanied by a recommendation from the Chamber of Commerce in the place where the declarant is domiciled, or from any other approved body.

An import licence must be attached in the case of goods requiring a permit for importation.

Banks in possession of the said register are requested to demand production of all documents which may be necessary as proof of purchase.

Under the provisions of the Law of August 1st, 1917, as amended by Article 69 of the Law of March 22nd, 1924, any person desirous of engaging in a professional capacity in the collection, purchase or sale of foreign exchange must, prior to any operation, obtain written authorisation from the Minister for Finance and submit a written declaration to the office at which his place of residence is registered.

Persons thus authorised must keep a book in which they are obliged to enter any operations of this nature effected by them. This book must be shown on request to the competent officials of the Ministry of Finance.

Conditions under which the Exporter may use foreign exchange derived from the sale of exported goods.

Conditions under which the Importer may purchase foreign exchange for the payment of imported goods.

BELGIUM.

By the Royal Decree of December 15th, 1926, complete freedom was restored in regard to the purchase and sale of foreign exchange.

BULGARIA. (*Laws of April 23rd, 1904, December 30th, 1924, July 4th, 1925, Executive Regulations of June 2nd, 1924, and Royal Decree of March 4th, 1925, and February 26th, 1926.*)

Exporters are bound to pay into the National Bank foreign exchange derived from the sale of exported goods within a period of ten days from the receipt of advice of arrival. They are bound, further, to pay directly to the State, at the time of exportation, at the Customs office through which exportation is effected, 9 per cent of one-third of the value of the exported goods, calculated at the rate of exchange fixed by the bank. Further, for certain important categories of goods, exporters are required to make a declaration to the National Bank on a special form.

Foreign currency is placed by the National Bank at the disposal of importers, who must give proof of their actual needs.

For goods already imported, the invoice and declaration of entry should be attached to the application. In the case of goods not yet imported, the importer must furnish security to the amount of 25 per cent of the exchange demanded. Thirty days' notice is required in order to enable the bank to obtain the necessary exchange.

Transactions relating to foreign means of payment or the purchase or sale of foreign exchange may be effected only through the National Bank or its branches. The rates of exchange are fixed by the bank.

ROUMANIA.

The purchase and sale of foreign exchange are effected through the banks authorised to trade in foreign exchange by the Central Office for the control of foreign exchange, attached to the National Bank of Roumania.

KINGDOM OF THE SERBS, CROATS AND SLOVENES.

Generally speaking, the exporter is not required to surrender foreign exchange derived from the sale of exported goods. Notwithstanding, in the case of certain

Importers must apply for foreign exchange to banks authorised to trade in such, and are required, within a period of six months, to produce declarations of

Conditions under which the Exporter may use foreign exchange derived from the sale of exported goods.

goods, for the most part agricultural products, the exporter is bound to place at the disposal of the National Bank one-third of the foreign exchange derived from such exports.

Before effecting the said exports, the exporter is bound, as a rule, to deposit security, with a bank authorised to trade in foreign exchange, as a guarantee for the repatriation of foreign exchange obtained in payment.

He is given a certificate showing the payment of security, and this certificate is forwarded by the Customs offices to the bank by which it was issued.

All transactions in foreign bills and exchange are under the control of the Ministry of Finance and the National Bank. The Ministry of Finance issues the necessary authorisation to the banks.

The purchase and sale of foreign exchange for purposes of payment is effected only through the National Bank and the banks authorised to trade in foreign exchange.

CZECHOSLOVAKIA (*Official Note from the National Bank of Czechoslovakia, January 17th, 1927.*)

Subject to certain exceptions of a general or special character, the exporter is bound to place at the disposal of the Banks Department, either directly or through a bank authorised to trade in foreign exchange, foreign exchange derived from the export of goods.

Sums received in foreign exchange in payment of goods exported or on the sale of securities and compensation arising out of commercial transactions or the transformation of goods temporarily imported into Czechoslovakia must in principle be paid into the National Bank. In the case, however, of sums paid in Estonian marks, Hungarian crowns, lei, zlotys, Portuguese

Conditions under which the Importer may purchase foreign exchange for the payment of imported goods.

entry and invoices proving that the exchange has actually been used.

The banks keep books for checking imports. Special provisions are applicable to foreign traders importing goods into the Kingdom of the Serbs, Croats and Slovenes in their own name.

Transfers and payments in foreign currencies destined for abroad up to the value of 20,000 Czechoslovak crowns (in the national or a foreign currency) are not subject to any restriction.

Up to the amount of 50,000 Czechoslovak crowns per day, payments of goods and the settlement of expenses connected with purchase or importation may be made by authorised banks themselves after the documents presented by the importer have been checked. As a rule, the National Bank itself issues foreign exchange for all legitimate import requirements, but, when it authorises another bank to do so, the latter may draw upon

Conditions under which the Exporter may use foreign exchange derived from the sale of exported goods.

escudos, Egyptian pounds, Argentine pesos, Uruguayan pesos, milreis, Turkish pounds, drachmas, Bulgarian levas, lats, Finnish marks or Lithuanian litas in respect of the export of goods or securities, the party concerned may either have such exchange credited to his account at a bank authorised to carry on exchange operations or may sell it on the Bourse through such a bank.

Whatever the foreign exchange may be, if it is not obtained by the export of goods or securities, the holder is not subject to any obligation other than that of selling it on the Bourse.

The National Bank is empowered to give general authorisation to use sums obtained in payment of exports for the direct settlement of any debts which the parties concerned may have contracted abroad in respect of imports effected by them.

It should be noted that there is no restriction upon the sale of goods abroad on credit, whatever currency may be stipulated for payment.

Only banks and financial institutions which have obtained due authorisation from the Minister of Finance may trade in foreign exchange, subject to the general control of the Banks Department attached to the Ministry of Finance at Prague.

HUNGARY.

The purchase and sale of foreign exchange have been wholly free since November 21st, 1925.

ITALY. (*Royal Decree of June 10th, 1926, and Ministerial Order of June 11th and July 2nd, 1926.*)

The exporter is free to dispose as he pleases of foreign exchange obtained from the sale of goods exported by him.

Conditions under which the Importer may purchase foreign exchange for the payment of imported goods.

its funds to any extent. In principle, the National Bank issues foreign exchange for all justifiable requirements, whether in respect of free imports or imports for which previous authorisation has to be obtained.

If the goods have not yet been imported, the importer is bound within three months to furnish proof of importation. At the request of the importer, this period may be extended.

The banks are free to grant foreign credits up to 250,000 Czechoslovak crowns; nationals are free to obtain credits in Czechoslovak crowns abroad up to 250,000 crowns.

Any exchange operation may be effected provided that it answers a real industrial or commercial need.

Conditions under which the Exporter may use foreign exchange derived from the sale of exported goods.

Conditions under which the Importer may purchase foreign exchange for the payment of imported goods.

In applying for foreign exchange, proof must be given that speculation is not either directly or indirectly the purpose of the operation. Banks authorised to trade in foreign exchange must, before complying with applications, check, as the case may be, the original contracts, commercial invoices, advices of payment, Customs declarations, way-bills, bills of lading, insurance policies and, generally speaking, such documents as may be necessary to remove all suspicion of any intention to engage, even indirectly, in speculation.

The sale and purchase of foreign currency may be effected only by banks or commercial firms expressly authorised to engage in such operations. No official tax is levied on the purchase or sale of foreign exchange.

The existing legislation is designed to permit of more effective supervision by the General Office of the Treasury.

3.

METHODS OF ASSESSMENT FOR THE APPLICATION
OF AD VALOREM DUTIES.

Note by the Economic and Financial Section.

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NOTE.

The information contained in the present note is principally derived from documents prepared from time to time by the Secretariat for the Economic Committee of the League of Nations in connection with its enquiries into the question of false Customs declarations.

This information refers to the following countries: Argentine, Australia, Belgium, Bolivia, Brazil, Canada, Chile, Colombia, Cuba, Czechoslovakia, Denmark, Egypt, Estonia, Finland, France, Germany, Great Britain, Haiti, Honduras, Hungary, India, Irish Free State, Iceland, Italy, Japan, Latvia, Netherlands, New Zealand, Norway, Panama, Peru, Poland, Roumania, Salvador, Siam, Spain, Sweden, Switzerland, Syria and Lebanon, Union of South Africa, United States of America, Uruguay, Venezuela.

Although the information contained in the note has been very carefully collected and is derived for the most part from official sources, it is possible that it contains minor errors and that, moreover, modifications in the regulations of certain countries may have been made since the collation of the data. The aim of the note is simply to set out the different methods of application of import duties to which the system of imposing *ad valorem* duties has given use.

1. BASES ADOPTED FOR THE LEVYING OF *AD VALOREM* DUTIES.

Note. — The table below shows in five columns the bases adopted in different countries. The mere mention of the name of a country in a column, with no further indication, means that the basis inscribed at the head of that column is the one normally used, the other bases constituting occasional exceptions to the rule.

1.	2.	3.	4.	5.
Value in the country where the duty is paid.	Value abroad plus costs as far as frontier, or a fixed percentage to cover these costs.	Value officially fixed, taken as the normal rule.	Value officially fixed in exceptional cases.	Special bases.
<p><i>Bolivia:</i> In cases where, for plausible reasons, consular and commercial invoices are lacking.</p> <p><i>Brazil:</i> In exceptional cases; when there is no information to determine the value at the place of export 10% is added, less the import duties.</p> <p><i>Finland:</i> When the goods have not been purchased or particulars of the purchase price are not available, the import duties are deducted from the value at the place of importation.</p> <p><i>France.</i></p> <p><i>Great Britain:</i> Including cost of transport and insurance.</p> <p><i>India.</i></p> <p><i>Irish Free State:</i> Includes cost of packing, the packing itself, freight, insurance and profit made, or to be made, by the foreign exporter.</p> <p><i>Japan.</i></p> <p><i>Netherlands.</i></p> <p><i>Norway:</i> If the value cannot be determined in accordance with the normal rules (Col. 2).</p>	<p><i>Argentine:</i> For the few goods for which official valuations are not fixed.</p> <p><i>Australia:</i> The basis taken is the price paid for the goods f.o.b. or the price in the country of exportation according to which is the higher, plus costs, the total being increased by 10%.</p> <p><i>Belgium:</i> Provided that this value is not less than the normal wholesale price of similar goods on the Belgian market, deducting the equivalent of the minimum import duties.</p> <p><i>Bolivia.</i></p> <p><i>Brazil.</i></p> <p><i>Canada.</i></p> <p><i>Chile:</i> The Customs and the Consuls are entirely free to fix the value.</p> <p><i>Colombia.</i></p> <p><i>Cuba.</i></p> <p><i>Czechoslovakia:</i> A few <i>ad valorem</i> duties only.</p> <p><i>Denmark.</i></p> <p><i>Finland:</i> Purchase price.</p> <p><i>Germany:</i> Should <i>ad valorem</i> duties be introduced.</p> <p><i>Haiti:</i> Value at place of production plus 10%.</p>	<p><i>Argentine:</i> Except in the case of a few goods which are dutiable on the declared value or at specific rates, as prescribed in the tariff law.</p> <p><i>Egypt:</i> For certain goods A specific tariff is the general rule.</p> <p><i>Hungary.</i></p> <p><i>India:</i> Tariff valuations for many classes of goods subject to <i>ad valorem</i> duties are periodically fixed by the Government.</p> <p><i>Italy:</i> For certain chemical products only ¹.</p>	<p><i>Australia:</i> The Customs officer fixes it himself in case of doubt as to the accuracy of the declaration, the party concerned being free to demand an expert investigation. In certain exceptional cases, it may be fixed by the Minister.</p> <p><i>Canada:</i> (a) Certain cases when valuation is difficult; (b) in the case of natural products of a kind or quality produced by Canada whenever such products are imported under conditions likely to prejudice the interests of Canadian producers.</p> <p><i>Colombia:</i> If the Customs have ordered an expert investigation on the grounds of suspected fraud the basic value is that fixed by the experts.</p> <p><i>Denmark:</i> When it is not possible to fix the value in accordance with the ordinary rules, it will be fixed by the Customs according to the normal import price.</p> <p><i>Japan:</i> The Director of Customs fixes the value if he does not consider the declared value a proper basis for the levying of duties.</p> <p><i>New Zealand:</i> The Minister fixes it in cases when it seems to him unfair or impracticable to fix it in accordance with the ordinary rules. He may also</p>	<p><i>Spain:</i> In the absence of Basis(2), the Customs fix the value according to the cost of production in Spain.</p> <p><i>United States:</i> Normal basis: foreign value (<i>i.e.</i> wholesale price in country of export) or export value (<i>i.e.</i> f.o.b. value for export), whichever is higher. If none of these is ascertainable, then the "United States" value (1). If this cannot be ascertained, then the cost of production. Finally, the American selling price in the case of goods similar to those produced in the United States and of which the cost of production abroad is such that the import duties of the American tariff will not allow</p>

¹ Only for the following products: (a) essential oils and non-deterpinated, non-specified essences; (b) essential oils and deterpinated essences; (c) synthetic perfumes and constituents of non-specified essences; (d) non-specified alkaloids and their salts.

BASES ADOPTED FOR THE LEVYING OF *AD VALOREM* DUTIES (*continued*).

1. Value in the country where the duty is paid.	2. Value abroad plus costs as far as frontier, or a fixed percentage to cover these costs.	3. Value officially fixed, taken as the normal rule.	4. Value officially fixed in exceptional cases.	5. Special bases.
<p><i>Roumania</i>: On exports.</p> <p><i>Siam</i>: If the goods exported are Siamese, the basic value is the market price at the place of export.</p> <p><i>Spain</i>: The value of exported goods is determined by the wholesale price, costs of packing, and other costs, as far as frontier or port of export.</p> <p><i>Sweden</i>: For the purpose of applying the stamp duty on articles of luxury, the value cannot be less than the value of the articles as estimated in the country at the time of the declaration of importation.</p> <p><i>United States</i>: In exceptional cases.</p>	<p><i>Honduras</i>: The tariff is specific, but jewellery and plate are liable to 10% <i>ad valorem</i> tax.</p> <p><i>Hungary</i>: The importer has the right to demand that duties be levied on the basis of the value at the place of production or consignment if he prefers this basis to that of the official value.</p> <p><i>Iceland</i>.</p> <p><i>Italy</i>: For a small number of goods liable to <i>ad valorem</i> duties.</p> <p><i>Netherlands</i>: In exceptional cases.</p> <p><i>New Zealand</i>: Plus 10%.</p> <p><i>Norway</i>.</p> <p><i>Peru</i>.</p> <p><i>Roumania</i>: For imports.</p> <p><i>Salvador</i>: In the case of charges levied by Consuls for the issue of consular invoices.</p> <p><i>Spain</i>.</p> <p><i>Sweden</i>.</p> <p><i>Syria and Lebanon</i>: Value indicated on certified invoices.</p> <p><i>Union of South Africa</i>: Value in the country of export or the f.o.b. price, whichever is greater.</p> <p><i>Uruguay</i>: <i>Ad valorem</i> duties are levied only in exceptional cases on goods not mentioned in the tariff.</p> <p><i>Venezuela</i>: In the case of <i>ad valorem</i> surtaxes.</p>		<p>fix it in the case of goods coming from territories which do not form part of the British Empire or Dominions, and when the goods are of the same kind or quality as those produced in any part of the Dominions if the importation of these goods might injure an industry or commercial enterprise in New Zealand or in another Dominion.</p> <p><i>Norway</i>: The Customs fix the value when Bases (1) and (2) cannot be applied.</p> <p><i>Union of South Africa</i>: In certain cases the value is fixed by the Customs.</p> <p><i>Venezuela</i>: The Customs have the right to fix the value according to the commercial invoice or on the advice of two experts.</p>	<p>United States nationals to compete.</p>

NOTES. — *Finland*: In the case of exports, the value taken is the price at which the goods were sold in Finland for export, less costs if included in this price. When the goods are not sold, the duties are calculated on the value at which the goods are assessed at the frontier of the foreign State, less costs of transport.

Roumania: The Roumanian tariff is specific, but goods are subject to an *ad valorem* commission tax of 2 per cent on export. Those goods which do not figure on the export list are liable to a 20 per cent *ad valorem* tax.

Salvador has no *ad valorem* duties in its Customs tariff, but the Consuls are instructed to make charges for the issue of consular invoices, and these charges are levied upon the value of the goods to which the invoice refers.

2. DECLARATIONS AND DOCUMENTS TO BE SUBMITTED TO THE CUSTOMS.

Declaration (Entry) *	Commercial invoice	Consular invoice	Certified invoice	Certificate of origin (in cases when differential tariffs are applied)	Way-bill (railway, etc.)	Bill of lading (Connaissance)	Insurance policy	Other documents: Correspondence, trade-books, etc.
Argentina		Not required.		Argentina (in triplicate).		Argentina (in triplicate).		Argentina (manifest).
Australia	Australia (original).		Australia (original).	Australia (origin certified in the invoice).				
Belgium				Belgium				
Bolivia		Bolivia						
Brazil	Brazil (2 copies).	Brazil (4 copies).	Brazil ** (certified signature of vendor).					Brazil (manifest).
Canada			Canada	Canada				Canada (currency certificates issued by Consuls, trade commissioners or Canadian banks are only required in the case of goods coming from countries whose currencies have depreciated or appreciated).
Chile		Chile				Chile		Chile (manifest).
Colombia		Colombia (given on sworn statement to Consul).						Colombia (manifest).
Cuba		Cuba						
Czechoslovakia	Czechoslovakia				Czechoslovakia	Czechoslovakia		

* For the most part the declarations mention all circumstances which may affect the imposition of the duties, and their accuracy may be checked by comparing them with one another.

** A register is kept in the Consulates of the certified signatures of the persons authorised to sign such documents.

DECLARATIONS AND DOCUMENTS TO BE SUBMITTED TO THE CUSTOMS (*continued*).

Declaration (Entry)	Commercial invoice	Consular invoice	Certified invoice	Certificate of origin (in cases when differential tariffs are applied)	Way bill (railway, etc.)	Bill of lading (<i>Connaissement</i>)	Insurance policy	Other documents: Correspondence, trade-books, etc.
Denmark	Denmark (vendor's signature).		Denmark		Denmark	Denmark	Denmark	Denmark (in the case of goods which are not sold in Denmark, a declaration by the person for whose account the goods have been consigned to Denmark stating the market price in the country of origin and the date of consignment).
Egypt	Egypt (may be required).						Egypt (may be required).	Egypt (correspondence may be required).
Estonia (no <i>ad valorem</i> duties at present).	Estonia (should <i>ad valorem</i> duties be introduced).			Estonia				
Finland	Finland		Finland (by the supplier or person authorised to sign for the firm).		Finland	Finland	Finland	
France	France	France (subject to consular visa).						
Germany (should <i>ad valorem</i> duties be introduced).				Germany (signed declaration of origin).	Germany (may be required).	Germany (may be required).		
Great Britain	Great Britain			Great Britain (certificate furnished by producer or exporter).			Great Britain	Great Britain (accounts and other documents may be demanded by the Customs).

DECLARATIONS AND DOCUMENTS TO BE SUBMITTED TO THE CUSTOMS (*continued*).

Declaration (Entry)	Commercial invoice	Consular invoice	Certified invoice	Certificate of origin (in cases when differential tariffs are applied)	Way-bill (railway, etc.)	Bill of lading (<i>Connaissement</i>)	Insurance policy	Other documents: Correspondence, trade-books, etc.
Haiti		Haiti (4 copies).	Haiti	Haiti		Haiti		Haiti (consular manifest).
Honduras		Honduras *						
Hungary	Hungary (signature and stamp of commercial firm).			Hungary	Hungary			
Iceland (certified).	Iceland							
India	India (in case of doubt).					India (only required to be produced when the collector of Customs so desires).	India (in case of doubt).	India (broker's note).
Ireland (certified correct).	Ireland (original).			Ireland		Ireland	Ireland (receipts).	Ireland (all documents furnishing positive proof).
Italy (even for exports, but only for statistical purposes)	Italy (when referring to motor-cars the invoice must be signed by the Chamber of Commerce or the Consul).				Italy	Italy		Italy
Japan			Japan (made out in country of purchase and signed by vendor).	Japan				

* The consular invoice is required even in the case of the application of specific duties.

DECLARATIONS AND DOCUMENTS TO BE SUBMITTED TO THE CUSTOMS *(continued)*.

Declaration (Entry)	Commercial invoice	Consular invoice	Certified invoice	Certificate of origin (in cases when differential tariffs are applied)	Way-bill (railway, etc.)	Bill of lading (Connaissement)	Insurance policy	Other documents: Correspondence, trade-books, etc.
Latvia.				Latvia				
Netherlands. (3 copies).				Netherlands (for the importation of sherry, port and Madeira).				
New Zealand.			New Zealand	New Zealand				
Norway.	Norway (if possible).		Norway (in the case of goods sent on consignment).		Norway (if possible).			Norway (if possible, other documents in support of the statement of value).
Panama.		Panama (7 copies).	Panama (3 originals bearing statement sworn before a Consul).			Panama (6 copies to be submitted to the Consul).		
Peru.	Peru	Peru						Peru (order, etc.).
Poland.	Poland							Poland (account and declaration by the consignor similar to that required for postal parcels).
Roumania.	Roumania			Roumania	Roumania			Roumania (draft).
Salvador.		Salvador		Salvador				
Siam.	Siam					Siam		Siam (manifest, receipts, etc.).
Spain.	Spain (originals, for exports also).			Spain (accompanied by duplicates of the invoice).		Spain		

DECLARATIONS AND DOCUMENTS TO BE SUBMITTED TO THE CUSTOMS (*concluded*).

Declaration (Entry)	Commercial invoice	Consular invoice	Certified invoice	Certificate of origin (in cases when differential tariffs are applied)	Way-bill (railway, etc.)	Bill of lading (<i>Connaissance</i>)	Insurance policy	Other documents: Correspondence, trade-books, etc.
Sweden (accuracy of declaration must be formally vouched for by the importer, if required).			Sweden	Sweden		Sweden	Sweden	Sweden (accounts — formal statements required in some cases regarding the quality or other special circumstances concerning the import).
Syria and Lebanon.			Syria and Lebanon	Syria and Lebanon				
Union of S. Africa.			Union of S. Africa	Union of S. Africa				
United States of America.		United States of America (for goods of more than \$100 value).	United States of America			United States of America		United States of America (certificates and other documents required in certain cases, certificates relating to the cost of production).
Uruguay.				Uruguay		Uruguay (non-negotiable copies).		Uruguay (manifest and consular manifest — receipts of postal parcels, Customs control certificate and permit).
Venezuela (2 copies)	Venezuela (at the discretion of Customs).	Venezuela (3 copies in Spanish).	Venezuela (certified by consignor).			Venezuela		Venezuela (power of attorney if transaction is by proxy).

Both for imports and exports, Switzerland requires a declaration of value for purposes of trade statistics, but no special documents are demanded.

3. LEGAL AND ADMINISTRATIVE MEANS AT THE DISPOSAL OF THE CUSTOMS FOR CHECKING THE DECLARED VALUE.

(1) The first means of checking the authenticity of a declaration of value is obviously to examine the goods in question and to compare the different *documents handed to the Customs*. It may be said that all Customs Administrations employ this method.

(2) Furthermore, it appears that in all countries resort to *every reasonable method of valuation of which the Customs can avail themselves* is permissible. In the United States the regulations make express provision for this. Among these methods may be mentioned: verification by the Consuls in foreign countries when invoices are submitted for their visa or the information furnished by them (Brazil, Bolivia, Chile, Cuba, Panama, Peru, Salvador); comparison of the prices mentioned with those in home or foreign markets (Brazil, Chile, Cuba, Roumania, Spain); the use of information collected by the Central Administration (Belgium, Czechoslovakia, and no doubt many others).

In the *United States*, the Tariff Commission, in addition to its usual duties, is required to collect accurate information concerning the cost of production and the selling prices of certain goods both within the United States and abroad. This information is specially intended to assist the Customs in checking the value of goods where the duties are calculated according to the cost of production or the selling price in America.

Both in America and in foreign countries, the United States employ official appraisers, who keep themselves informed in a general way and in particular cases of the market value of the principal United States imports.

Canada employs special agents in the United States and in Great Britain, whose duty it is to ascertain the value of goods in suspected cases of false declaration.

Australia maintains a staff of officials for the purpose of making enquiries abroad on behalf of the Customs Administration, but these enquiries are subject to the goodwill of producers, who may choose whether they will show their books or private documents to these officials; the latter are bound by professional secrecy.

The regulations in the *Union of South Africa* permit the Customs Commission to ask a person specially appointed by it in the exporting country for a written certificate of value in that country.

(3) Nearly all countries expressly reserve to the Customs the right to demand the *production of additional documents* with a view to checking the accuracy of declarations of value, apart from those papers which are necessarily and customarily submitted (Belgium, Denmark, Egypt, Great Britain, Hungary, India, Norway, Siam, Union of South Africa, and Venezuela).

The documents most often asked for in these circumstances are transport documents, ledgers, correspondence and in general all written documents customary in commercial operations and likely to throw light upon the nature of these transactions.

In some countries the onus of proving the accuracy of the declaration of value is on the importers; the Customs have very wide powers in the matter — particularly in the *United States*, *New Zealand*, and *Australia* — such as interrogation under oath, search (followed by seizure), and these are not confined to persons suspected of fraud. Moreover, such investigations may extend to any transaction effected by persons suspected of fraud during a period before the offence of which they are suspected, going back one year in the United States and five years in Australia and New Zealand. Further, the *United States* regulations allow for the prohibition of the importation of goods by foreign exporters as long as the latter refuse to allow their books, documents, etc., to be examined by the competent authorities. In such cases American importers may find the foreign goods consigned to them held up at the Customs.

(4) In a number of countries, the Customs regulations *empower the Customs officials to determine themselves the value which shall serve as a basis for the levying of duties* (Australia, Union of South Africa, Chile, Denmark, France, in some cases India, Irish Free State (Revenue Commissions) ¹, Italy, Japan, New Zealand, Norway, Roumania, United States).

(5) In some other countries the value is determined by *experts*, either before any dispute arises (Chile, Great Britain, New Zealand, South Africa) or, more often, when there is disagreement between the Administration and the party concerned (Argentina, Australia, Belgium, Colombia, Denmark, Egypt, Finland, France, Germany, Haiti, Hungary, Japan, the Netherlands, Siam, Sweden, Venezuela). The number of these experts varies according to the country. They are generally appointed for each particular case. In the Netherlands a special commission is set up for this purpose. In France they are known as “Commissioner Experts” (*Commissaires-experts*). If the experts differ, the decision rests with an arbitrator or arbitrator of last instance.

In some countries there is a right of appeal from the expert's valuation to a higher authority, as in New Zealand and Venezuela (the Minister), in the Netherlands (Central Commission), and in the United States (Board of General Appraisers and the Customs Appeal Commission). In Australia, in certain specified cases, the Minister himself determines the value on which the duty shall be levied.

In Belgium, India and the Netherlands the importer is given a very short time in which to correct his declaration, when the declared value is judged by the Customs to be too low; if he does not avail himself of this privilege, the value is fixed by the Customs.

As a general rule, the expenses of these verifications, etc., are borne by the importer, should the decision be contrary to his declaration.

With regard to the collection of *visa* charges for consular invoices, the Consuls of the *Republic of Salvador* take as a basis the value for which the goods have been insured if this value is 15 per cent higher than the value given in the invoice, plus the costs of consignment.

¹ In the event of dispute, the Administration appoints an arbitrator whose decision is final. If the duties are levied in virtue of the Act of 1924 and subsequent Acts, the party concerned can only obtain delivery of the goods on deposit of the amount demanded. He may bring an action in court against the Customs officials for the re-assessment of the duties.

The Commercial Convention concluded between *Czechoslovakia* and *France* on August 17th, 1923, contains a provision whereby the two countries undertake mutually, without prejudice to their right of assessing at their discretion the value of goods subject to *ad valorem* duties, " to take into consideration all material for valuation that may be forwarded by the Government of the other country as having been obtained from reliable industrial organisations competent to furnish them ".

The practical effects of this provision may merely consist in the transmission by the two States of data for valuation, such as a selection of catalogues of motor exhibitions, or of other semi-official or private institutions, lists of prices furnished by periodical publications and such other written or printed matter as may serve to check the prices entered in the invoices.

This material is used by the Czechoslovak Ministry of Trade as a basis on which to establish average price lists for imported motor-cars, by which lists the Customs authorities check the invoices and fix the basis for calculating the duties.

Similar price lists have been drawn up in the same way for French and Austrian motor-cars.

Other countries, with which Czechoslovakia has concluded no special arrangements, also supply her with data for valuation, as, for example, Great Britain, Italy and the United States.

Under the terms of one of the provisions of the *Convention of December 15th, 1922, between France and Canada*, exporters in either of these countries may produce, for the application of *ad valorem* import duties, certificates of value issued by the Chambers of Commerce or any other similar commercial organisations. Such certificates shall be taken into consideration by the Customs authorities, but without prejudice to their right of assessment.

4.

**VARIATIONS IN TARIFFS IN ACCORDANCE WITH THE
ORIGIN OF GOODS, THE PLACE WHENCE THEY COME,
THEIR DESTINATION, OR THE FRONTIERS OR PLACES
THROUGH WHICH IMPORTATION OR EXPORTATION
TAKES PLACE.**

Note by the Economic and Financial Section.

VARIATIONS OF TARIFFS ACCORDING TO THE ORIGIN OF GOODS AND THE PLACES FROM WHICH THEY COME OR TO WHICH THEY ARE CONSIGNED, OR ACCORDING TO THE FRONTIERS AND PLACES THROUGH WHICH THEY ARE IMPORTED AND EXPORTED.

In principle, the different treatment which one State grants to another, according as the former has concluded a commercial agreement with the latter (conventional tariff) or not (general tariff), is tantamount to a variation of tariffs according to the origin of the goods. The same is the case when commercial treaties are concluded on the basis of reciprocity without a general application of the most-favoured-nation-treatment clause. The origin of the goods and the places from which they come also play a part in the application of differential duties as measures of defence against premiums, dumping, etc., in the preference system proper and in the differential treatment applied to transportation and national flags.

These general categories are not included under the heading at the beginning of the present Note, which only includes very special cases strictly limited in number.

The following list does not claim to be complete; it is possible that it omits further examples of tariff variations which have not come to the notice of the Secretariat.

This information is given with every reserve, for, although most of it has been drawn from official sources, it has been impossible for the Secretariat to request the different administrations to check its accuracy.

* * *

1. DIFFERENTIATIONS ON GROUNDS OF THE ORIGIN OF THE GOODS OR OF THE PLACE WHENCE THEY COME.

Their object is to favour direct importation and to subject to higher duties goods not coming *directly* from their country of origin. They are intended to facilitate *direct* commercial relations between the consuming and producing country by excluding intermediary trade carried on by third countries.

(a) Of historical interest are the clause of Cromwell's Navigation Act of 1660 prohibiting the indirect importation of goods of "foreign growth, production or manufacture", and the discriminatory duty of 10 per cent contained in the United

States Tariff Act of 1913 and applicable on goods " which, being the production or manufacture of any foreign country not contiguous to the United States, shall come into the United States from such contiguous country ".

(b) Turning to modern tariffs, we may cite the *surtaxe d'origine*, existing, e.g., in France, Spain, etc., and the *surtaxe d'entrepôt* existing in France. The *surtaxe d'origine* existing in France applies to a small number of products of European countries imported from a country other than the country of origin and enumerated in Schedule D of the Tariff of the Law of January 11th, 1892, supplemented by the Laws of June 30th, 1893, July 26th, 1901, and April 10th, 1902. Among these products are certain raw materials (e.g., hides, cotton, wool, bones, horns, wood, cork, etc.), foodstuffs (e.g., fats, rice, fruits, etc.), medical plants and roots, potash, sponges, mineral oils, etc. The *surtaxe* ranges from 0.75 to 5 francs per 100 kg.

As an exception to the above rule, the *surtaxe d'origine* does not apply to products of the Balearic Islands coming *viâ* Spain and to products of Iceland and the Farøe Islands coming *viâ* Denmark.

The French *surtaxe d'entrepôt* is applicable to all non-European products if imported into France from a country in Europe and not directly from the producing country. It is governed by the rules laid down in Schedule C of the Tariff Act of 1892, modified by the rules of Schedule C of the Tariff Act of 1910. The *surtaxe* is 3.60 francs per 100 kg. on all goods unless specially mentioned. A limited number of products specially mentioned in Schedule D (e.g., wool, cotton, guano, sponges, coffee, tea, cocoa, tobacco, fruits, mineral oils, furniture, etc.) pay from 1.80 francs (guano) to 100 francs (silk tissues) per 100 kg.

The exemptions provided for in Schedule D refer to:

(i) Certain commodities: Thus are exempted from the *surtaxe*: sugar of all kinds, syrups, bonbons, candied fruits, preserves with sugar or honey, tobacco for private account, cinchona, jute, aloes and other fibrous vegetables, and cocoanut fibre;

(ii) Certain areas from which the products come: wool, in the mass or in the skin, from Australia, Cape of Good Hope or India; cotton from India, in the wool or not ginned; plumbago from Ceylon.

Chinese and Japanese porcelain pays 30 francs per 100 kg.; all other porcelain 3.60 francs.

The *Spanish Tariff* of 1922 contains in Schedule III a small list of products of extra-European origin which must pay, in addition to the duties stipulated in the Tariff, a special *surtaxe*, if imported from a European country either by land or by sea. The articles in question are: petroleum (crude or refined), cocoanut and palm oil, indigo, raw cotton, Manila hemp; agave and raw jute, hides and skins (not tanned), cocoa, coffee, cinnamon, cloves, pepper and tea. The *surtaxe* ranges from 0.50 pesetas (petroleum) to 20 pesetas (indigo) for 100 kg.

(c) Of a similar nature are the very rare provisions existing in the tariffs of certain countries which submit goods manufactured or produced in a particular country or particular area to higher duties than goods manufactured or produced by other countries. To quote only a few examples: The Indian Customs Tariff for 1926 (Item 66) differentiates between camphor powder coming from Japan, which is officially evaluated at

2 rupees per lb., and camphor powder coming from China, including Hong-Kong, the official value of which is fixed at 1 rupee 12 annas. Both are subject to an *ad valorem* duty of 15 per cent. Item 85 of the same tariff distinguishes between glass bangles of Chinese, Japanese and European origin, assessing them at different official values; and Item 107 B distinguishes between silk piece goods of Japanese and Chinese origin and of all other origin by fixing official values for the first two only.

The above examples should be taken with reserve as it has not been possible to ascertain the part played by the quality of the goods in their evaluation and in the application of the duties ¹.

Item 459 of the French Tariff applies a differential duty to certain fabrics of pure silk or pure silk floss coming from the Far East, and also to pongees, corah, tussah or tussor, cloth, serge or twill style of extra-European origin.

2. DIFFERENTIATION ON GROUNDS OF THE DESTINATION OF EXPORTED GOODS.

Apart from preferential export duties based on the system of colonial or other preferences, the Secretariat has not been able to find in the documentation at its disposal other cases of this kind of differentiation.

3. VARIATIONS IN TARIFFS IN ACCORDANCE WITH THE FRONTIERS OF PLACES THROUGH WHICH IMPORTATION OR EXPORTATION TAKES PLACE.

The cases where a country, for economic or other reasons, applies distinct tariffs or Customs regimes at its various frontiers are very rare. As a rule, one and the same tariff applies at all frontiers of a country. Among the rare cases which may be quoted as illustrations of differentiation in tariffs at different frontiers of the same country, two are already historic. Under the tariff of the former Austro-Hungarian Empire, certain colonial products when imported by sea enjoyed a considerable reduction of duty. In the German Tariff before 1906, salt and certain stones and stoneware were admitted free or at low duty rates when imported by sea and at higher rates when imported by land.

¹ Since the drawing up of the present Note, the Secretariat has received from official Indian sources the following explanation:

"The account given of three items in the Indian Tariff Schedules is quite correct. You will find the actual wording in the printed slips attached.

"The explanation is that for some years past the Government of India have aimed at contracting the number of items assessed *ad valorem* (i.e., assessed at the local wholesale value) and substituting therefor assessment on a conventional valuation which is fixed for the calendar year.

"In order to prevent unfair assessment, it is necessary to prescribe separate values for different grades of the same commodity; and, in the three cases mentioned, the grades are distinguished for the sake of clarity in accordance with the countries of origin. The name of the country is in all three cases an integral part of the trade description, and is necessary to prevent confusion in the minds of both Customs officers and assessees. Without this differentiation, it would only be possible to fix an average valuation which would press unduly hardly on one country and unduly lightly on another."

As an example of existing differential land frontier duties may be cited China, Soviet Russia and Bolivia. In China, a special regime still exists whereby goods passing over the land frontiers are subject to reduced Customs duties as compared with the duties applying to sea-borne trade.

The Customs Tariff of Soviet Russia of March 4th, 1924, applies lower duties to cooking salt of all kinds and to sugar, and exempts entirely from duty cow and sheep butter if these products are imported into the ports of the Arctic Sea or over the North Chinese frontier.

The Bolivian Customs Tariff of May 3rd, 1913, subjects to an export duty of 8 per cent *ad valorem* gum called "para" if exported through the Customs of La Paz, Oruro, Yacuiba, Puerto Suárez, San Matias, Gobia and Abuna, but to a duty of 10 per cent *ad valorem* if exported through the Customs of Villa Bella and Guayaz Ramerin.

5.

CONSULAR CHARGES.

Note by the Economic and Financial Section.

CONSULAR CHARGES.

Consular charges are levied either *ad valorem* or in the form of specific duties.

They are levied as a rule on invoices, certificates of origin and bills of lading, and these are the bases that are mainly shown in the annexed table, together with the corresponding amounts for each country.

This table is not complete and, as the data which it contains are derived partly from non-official sources¹, it is impossible to vouch for their accuracy in every case; further, since the compilation of these data, changes may have been made in those very provisions which the table is designed to show.

It should be noted that the International Convention relating to the Simplification of Customs Formalities, signed at Geneva on November 3rd, 1923, and ratified up to date by twenty-four States², laid down certain principles in the matter of consular charges. Under the provisions of Article 11 of the Convention, the Contracting States agreed to comply with the following provisions:

“ 8. *Certificates of origin* shall not in principle require a consular visa, particularly when they originate from the Customs Administrations. If, in exceptional cases, a consular visa is required, the persons concerned may at their discretion submit their certificates of origin either to the Consul of their district or to the Consul of a neighbouring district for a visa. *The cost of the visa must be as low as possible, and must not exceed the cost of issue, especially in the case of consignments of small value.* ”

“ 9. The provisions of the present article shall apply to all documents used as certificates of origin. ”

Further, the last paragraph of Article 12 provides that:

“ The cost of a visa for *consular invoices* shall be a fixed charge, which *should be as low as possible*; the number of copies of any single invoice required shall not exceed three. ”

Before the war, the consular charges levied for the legalisation of invoices, etc., were generally about 1 per cent *ad valorem*. In certain cases, when specific consular charges were levied, the rate was even lower. During the last few years, however, there has been a marked tendency to increase the scale of charges.

¹ *Annuaire pour 1926 de la Chambre des Négociants-Commissionnaires et du Commerce extérieur, Paris.* — *The International Mercantile Diary and Year-Book 1925*, published by the Syren and Shipping, Limited. — *Vorschriften für den Warenversand ins Ausland*, published by the Vienna Chamber of Commerce.

² *Viz. : Ratifications*: Denmark, Italy, British Empire, Union of South Africa, New Zealand, Austria, Belgium, Australia, India, Egypt, Siam, Netherlands, Germany, Roumania, Sweden, Hungary, China, Norway, France, Morocco (French Protectorate), Tunis, Bulgaria, Switzerland and Czechoslovakia. — *Adhesion*: Persia. (In chronological order.)

CONSULAR CHARGES LEVIED FOR THE LEGALISATION OF DOCUMENTS REQUIRED BY THE CUSTOMS ¹.

Country	Invoices	Certificates of Origin.	Bill of Lading	Other Documents
Argentine.	1 gold peso (= \$0.96482) for certifying the accuracy of the value given in the invoice.		4 gold pesos (= \$3.859) for three copies.	
Belgium.		5 gold francs (= \$0.96475), collected by the Chambers of Commerce. Free in the case of consignments below 100 gold francs in value.		
Bolivia.	3 per cent of the total amount of the invoice payable in the currency of the country of origin. Fixed charge of 5/- (= \$1.22) for consular invoices. Fixed charge of 6/- (= \$1.46) for legalisation of signature.			
Brazil.	4 gold milreis (= \$2.1854) up to £200 value, and then 1 milreis (= \$0.5464) for each £100 additional, or fraction thereof, according to the rate of exchange fixed by the Consulate.		Three bills of lading required: charge 3 gold milreis (= \$1.6392) apiece, at the rate of exchange fixed by the Consulate.	
Chile.	Free for invoices below 10 dollars in value. 2 dollars for sums between 10 and 20 dollars; 5 dollars for 21-200 dollars. Above 200 dollars the charge is 2 per cent on the excess amount. Consignors pay a charge of 2 dollars for every copy of the legalised invoice which they require over and above the 5 copies required by law. The dollar rate taken is the rate of exchange posted up at the Consulate.			

¹ Conversion into U.S. dollars has been calculated for stable currencies on the basis of parity and for other currencies on the basis of the average rates of exchange in the year 1925.

When no equivalent is given for a figure indicated in dollars, the reference is to U.S. dollars.

CONSULAR CHARGES LEVIED FOR THE LEGALISATION OF DOCUMENTS REQUIRED BY THE CUSTOMS (*continued*).

Country	Invoices	Certificates of Origin	Bill of Lading	Other Documents
Colombia.	3 per cent of invoice value in Colombian dollars. 1 \$ Col. = \$0.97.			Manifest: 1.50 per 1000 on total value of cargo.
Cuba.	Invoices below 5 pesos gold 10 centav.; 5 to 50 pesos gold 50 centav.; 50 to 200 pesos, 2 pesos; invoices of 200 pesos or upwards, 25 centavos extra for each 100 pesos additional or fraction thereof. 1 pesogold (= 1 \$).		1 dollar.	
Czechoslovakia.		For importation of British goods (Treaty of July 1923), \$3.65; and handling fee of \$0.0811.		
Dominican Republic	1 dollar for consignment of goods below 50 dollars value; 3 dollars for 50-200 dollars value; 0.25 dollar for every 100 dollars additional.			
Estonia.		\$1.014 up to £10; from £10 to £100, \$2.028; over £100, ½ per cent.		
Ecuador.	Up to 100 sucres value, 2 sucres (= \$0.44); above 100 sucres, 4 per cent of declared value. Additional charge of 1 per cent if the invoice is presented after the ship has sailed.		40 per cent on 3/4 of the consular charges attaching to the invoice. Additional charge of 10 per cent if the document is presented after the ship has sailed.	
Finland.		\$2.028.		
France.	Free of charge.	20 gold francs (= \$3.859).		
Germany.	Not required, but if legalisation is demanded the charge is \$2.4336.			
Great Britain ¹ .	No special fee. Should this service be required, the fee would be presumably that for affixing consular signature and seal if required to any document not otherwise provided for in the table of consular fees, <i>i.e.</i> , 7s. 6d. (= \$1.825).	And filing copy; for consignments not exceeding £20 in value 5/- (= \$1.22); exceeding £20 in value 10/- (= \$2.44).	No special fee. Should this service be required, the fee would presumably be as indicated in column 2 for invoices.	

¹ The consular fees charged by the British consular officers are the same whether they relate to trade with the United Kingdom or with the Dominions or any other part of the Empire.

As regards trade with the United Kingdom, no consular certification of documents appears to be required. If it were, the fees would be as indicated in the schedule.

CONSULAR CHARGES LEVIED FOR THE LEGALISATION OF DOCUMENTS REQUIRED BY THE CUSTOMS (*continued*).

Country	Invoices	Certificates of Origin	Bill of Lading	Other Documents
Greece.		\$2.4336.		
Guatemala.	3 per cent on the amount of the invoice.		1 dollar at the current rate of exchange.	
Haiti.	2 dollars gold.			
Honduras.	3 per cent on the value of the goods.		2 dollars at the rate of the day.	
Hungary.		$\frac{1}{2}$ per cent of declared value as stated on invoice, with a minimum of cents 24.34 and a maximum of \$11.68.		
Italy.		10 gold lire (= \$1.9295) when the value of the goods exceeds 300 lire; 6 gold lire (= \$1.1577) when the value does not exceed 300 lire ¹ .		
Latvia.	(Not compulsory.) 1 per cent on the amount of the invoice.	\$4.8665.	(Not compulsory.) $\frac{1}{4}$ per cent of value of invoice: minimum charge, \$2.43.	
Liberia.	1 per cent on gross value of goods.			
Lithuania.	1 per cent of amount of the invoice.			
Mexico.	5 per cent on the value of the goods. Extra copies: 4 Mexican dollars (= \$1.96) for the first, 2 Mexican dollars (= \$0.98) for each additional copy.			
Nicaragua.	Up to 500 frs., 2.50 cordobas (= \$2.50); 501-1,000 frs., 3 cordobas (= \$3); 1,001-2,500 fr., 5 cordobas (= \$5). Above 1 per cent or fraction of 100.		3 cordobas (= \$3).	

¹ It should be noted that the Italian Consuls are instructed to deliver and to certify without charge certificates of origin relating to goods destined for Italy when these goods originate in countries with which Italy has concluded agreements stipulating that such delivery or certification shall be free of charge.

Certain commercial treaties stipulate, on the basis of reciprocity, that the certification of such certificates shall be free of charge or subject only to a maximum charge of 1 lire.

In virtue of regulations at present in force in Italy, certificates of origin delivered by the competent authorities are accepted without any consular certification.

CONSULAR CHARGES LEVIED FOR THE LEGALISATION OF DOCUMENTS REQUIRED BY THE CUSTOMS (continued).

Country	Invoices	Certificates of Origin	Bill of Lading	Other Documents
Norway.		\$1.825.		
Panama.	2 per cent of invoice.		For every set of six bills of lading relating to invoices of which the value does not exceed 100 balboas, 1 balboa (= \$1); above this value, 3 balboas (= \$3.)	
Paraguay.	1 gold peso (= \$0.96482) for each copy.			
Persia.		\$2.920 (not required).		
Peru.	2 per cent of invoice: for postal packets of 1-1,000 frs., fixed charge of 50 centavos (= \$0.20); above 1,000 frs., 1 per cent of value.			
Poland.		0.20 zloty (= cents 3.35).		Certificates delivered with a view to obtaining a reduction of Customs duties: 1 per cent of the value of the goods with a minimum of 2 zloty (= cents 35.48) and a maximum of 50 zloty (= \$8.87).
Portugal.				Declaration of cargo with consular visa in triplicate is necessary. 4 per cent on the value of the goods. For rice, maize, wheat, and sugar, 1 per cent up to 50,000 gold escudos; 0.75 per cent from 50,000 to 200,000 gold escudos; 0.50 per cent if the value is over 200,000. On potatoes, coal, coke, sulphur, mineral oils, cast iron, paper pulp, chemical manures and agricultural machinery, 0.75 per cent. In no case will the fee for the declaration of cargo be under 4.50 gold escudos (= \$4.86)

CONSULAR CHARGES LEVIED FOR THE LEGALISATION OF DOCUMENTS REQUIRED BY THE CUSTOMS (*contin ued*).

Country	Invoices	Certificates of Origin	Bill of Lading	Other Documents
Roumania.	\$4.8665. \$0.4056 for stamp. \$0.608 for forms.	\$4.8665. \$0.4056 for stamp. \$0.608 for forms.		
Salvador.	3 per cent of declared value.		1 dollar per fraction of 500 francs on the amount of the invoice, with a minimum charge of 10 dollars per set of four copies of bill of lading.	
Kingdom of the Serbs, Croats and Slovenes.		\$0.608 for forms. 10 dinars (= \$0.175) for goods to the value of £80 and 15 dinars (= \$0.256) for any amount beyond.		
Spain.	Visa free of charge	5 gold pesetas (= \$0.965), if the country of origin of the goods is a European country, an Asiatic country bordering on the Mediterranean or the Black Sea, or an African country bordering on the Mediterranean or the Atlantic (as far as the Gulf of Guinea). 10 gold pesetas (= \$1.93) for goods from other countries. When the certificate relates to goods on which the duties payable are less than 20 pesetas, the consular charge is 25 per cent of the amount of these duties. Postal parcels require no certificate of origin.	Free of charge for goods covered by a certificate of origin.	
Sweden.		Required for certain goods. Charge \$1.075.		
Turkey.		5 to 8 Turkish pounds (= \$2.5 to \$4).		

CONSULAR CHARGES LEVIED FOR THE LEGALISATION OF DOCUMENTS REQUIRED BY THE CUSTOMS (*concluded*).

Country	Invoices	Certificates of Origin	Bill of Lading	Other Documents
Uruguay.		Certification 0.75 Uruguayan peso (= \$0.74). Supplementary fee 0.75 Uruguayan peso (= \$0.74).	1.50 Uruguayan peso (= 1.48) each and the same for each additional copy.	
United States of America.	2.50 dollars.			
Venezuela.	1.50 per cent of the total value, with a minimum of 5 bolivars (= \$0.9622).			<p><i>Manifest:</i> 0.15 bolivar (= \$0.0289) per packet named in the manifest, with a minimum of 10 bolivars (= \$1.924).</p> <p><i>Bill of health:</i> Sailing ships, 10 bolivars (= \$1.924); steamships, 30 bolivars (= \$5.77).</p> <p><i>Sailing visa for vessel in ballast:</i> Sailing ships, 10 bolivars (= \$1.924); steamships, 25 bolivars (= \$4.81).</p> <p><i>Certificate of transshipment:</i> 25 bolivars (= \$4.81).</p> <p>For any change in the invoices or manifests arising out of a change in the cargo, 10 bolivars (= \$1.924). 5 bolivars (= \$0.9622) for each extra copy of embarkation paper.</p>