TO BE KEPT UNDER LOCK AND KEY.

It is requested that special care may be taken to ensure the secrecy of this document.

MOST SECRET.
C.O. 49 (32).

CABINET.
IMPORT DUTIES BILL.

Note by the Chancellor of the Exchequer.

In accordance with the Cabinet decision of January 22nd (Cabinet 7 (32) Conclusion 3), I circulate herewith the draft of an Import Duties Bill based on the Report of the Cabinet Committee on the Balance of Trade (C.P. 25(32)), which has been prepared in consultation with the Departments concerned.

(Initialled) N. C.

Treasury Chambers,
January 28th, 1932.
Import Duties Bill.

ARRANGEMENT OF CLAUSES.

Clause.
1. Charge of general Customs duty of ten per cent. ad valorem.
3. Additional duty of Customs on special classes or descriptions of goods.
4. Dominion preference.
5. Colonial preference.
6. Conversion of ad valorem duty into duty chargeable by weight, measurement or quantity.
7. Charge of duty in case of composite goods.
8. Provision as to re-importation of goods charged with duty by Act.
9. Exception for goods imported with a view to re-exportation.
11. Determination of disputes.
12. Computation of equivalent of ad valorem rate.
13. Orders of Board of Trade.

SCHEDULE.—Goods exempted from ten per cent. ad valorem duty.
DRAFT OF A BILL

Provide for the imposition of certain duties of A.D. 1932.

Customs.

BE it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1.—(1) As from the first day of March, nineteen hundred and thirty-two, there shall, subject to the provisions of this Act, be charged on all goods imported into the United Kingdom, other than goods declared by this section to be exempt from the provisions thereof, a duty of Customs equal to ten per cent. of the value of the goods.

(2) The goods exempted from the provisions of this section are—

(a) goods of any class or description specified in the First Schedule to this Act; and

(b) goods for the time being chargeable with a duty of Customs by or under any Act other than this Act.

2.—(1) For the purpose of giving advice and assistance in connection with the exercise and performance by the Treasury of their powers and duties under this Act, there shall be constituted a committee to be called the Import Duties Advisory Committee (in this Act referred to as "the Committee") consisting of a chairman and
A.D. 1032. not less than two nor more than five other members, to be nominated by the Treasury.

(2) The members shall hold office for a period of three years and on the expiration of their term of office may be renominated.

(3) The Committee shall, as soon as may be after the commencement of this Act, take into consideration the provisions of this Act, and may make recommendations with respect to matters on which, under the provisions of this Act, action may be taken on a recommendation by the Committee and may from time to time recommend that any duties imposed pursuant to any previous recommendation so made ought to be varied or revoked.

(4) The Treasury shall publish a recommendation made to them by the Committee as soon as may be after they have made an order pursuant to the recommendation or have determined to make no order on the recommendation.

(5) The expenses of the Committee to such an amount as may be approved by the Treasury (including the expenses of their staff and such salaries or other remuneration paid to all or any of the members as the Treasury may determine) shall be paid out of moneys provided by Parliament.

(6) The Committee may make rules for regulating the proceedings, including quorum, place of meeting, and notices to be given of meetings of the Committee.

(7) The Committee, so far as they consider it necessary or desirable so to do for the purpose of the proper discharge of their functions, may by order require any person, subject to the payment or tender of the reasonable expenses of his attendance, to attend as a witness before them or before any person authorised by them and to give evidence or to produce documents, and if any person fails without reasonable excuse to comply with the provisions of any such order, he shall be liable on summary conviction to a fine not exceeding five pounds for each day during which he is in default.

(8) The Committee or any person authorised by them shall have power to take evidence on oath, and for that purpose to administer oaths.
(9) The Treasury may make rules under this Act for the purposes of ensuring that information given to the Committee for the purpose of this section is not disclosed to any person otherwise than as may be required for the proper discharge by the Committee of their functions, and any person who acts in contravention of any rule so made shall be liable on summary conviction to a fine not exceeding fifty pounds, and in the case of a second or subsequent conviction to a fine not exceeding two hundred pounds.

3.—(1) The Treasury, on receiving a recommendation from the Committee to be constituted for the purposes of this Act to the effect that an additional duty of Customs ought to be charged in respect of goods of any class or description which are liable to the duty of Customs charged under section one of this Act, may, if they think fit so to do, and after consultation with the appropriate Department, by order direct that an additional duty of Customs shall be charged on the goods specified in the recommendation, or any of them, at a rate not exceeding the rate specified in the recommendation.

(2) The Committee may make a recommendation for the purposes of this section as respects any goods which appear to them to be articles of luxury or articles of a kind which are being produced, or are likely within a reasonable time to be produced, in the United Kingdom in quantities which are substantial in relation to United Kingdom consumption, and any recommendation so made shall specify the rate at which, in the opinion of the Committee, duty ought to be charged.

The rate to be so specified shall not, except in the case of articles of luxury, exceed, together with the said duty under section one of this Act, twenty-five per cent. of the value of the goods.

(3) In deciding whether to make a recommendation for the purposes of this section in respect of other articles other than articles of luxury, the Committee shall have regard to the advisability in the national interest of regulating imports into the United Kingdom and the interests generally of trade and industry in the United Kingdom, including those of trades which are consumers of goods as well as those of trades which are producers of goods.
A.D. 1932.  

(4) The duties charged under this section, according as may be prescribed in the order, may be charged—
(a) by reference to value, to weight, to measurement or to quantity;
(b) for any period or periods, whether continuous or not, or without any limit of period;
(c) at different rates for different periods or parts of periods.

(5) Where it is apprehended that any goods which, by reason of their being liable to Customs duties under any other Act, are not liable to duty under section one of this Act will shortly become liable to duty under the said section one by reason of the duty under the said other Act ceasing to be chargeable, the Committee may make a recommendation under this section with respect to those goods, and the appropriate Department may make an order accordingly, so, however, that the order shall not have effect until the date on which duty becomes chargeable under section one of this Act.

4.—(1) The Treasury may, on the recommendation of the Secretary of State, by order direct as respects goods of any description specified in the order, being goods which are shown to the satisfaction of the Commissioners of Customs and Excise to have been consigned from and grown, produced or manufactured in any Dominion specified in the order that as from the date of the order, or as from such date as may be specified in the order, the ad valorem duty of ten per cent. charged by this Act or any additional duty chargeable under this Act, or both such duties, shall not be chargeable or shall be chargeable only at some specified rate less than the full rate, and where any such order is made, the provisions of this Act shall have effect accordingly.

(2) In this section the expression "Dominion" means any Dominion within the meaning of the Statute of Westminster, and references to a Dominion shall be construed as including India and Northern Rhodesia [and any territory in respect of which a mandate of the League of Nations is being exercised by the Government of any Dominion].

5.—(1) No duty shall be chargeable under or by virtue of this Act in respect of goods of any of the classes
or descriptions which are shown to the satisfaction of the Commissioners of Customs and Excise to have been consigned from, and grown, produced or manufactured in any part of His Majesty's Dominions outside the United Kingdom, other than a Dominion within the meaning of the Statute of Westminster or India or Southern Rhodesia.

(2) His Majesty may by Order in Council declare that this section shall apply to any territory which is under His Majesty's protection, or in respect of which a mandate of the League of Nations is being exercised by the Government of the United Kingdom as if that territory were a part of His Majesty's Dominions outside the United Kingdom, other than such a Dominion as afore-

6. (1) Where it appears to the Treasury, after consultation with the appropriate Department, that any duty chargeable under or by virtue of this Act on goods of any class or description by reference to the value thereof could be levied with greater convenience if that duty were chargeable by reference to weight, or to measurement or to quantity, the Treasury may by order direct that the duty shall be charged by reference to weight, or to measurement or to quantity, as may be specified in the order, and at such rate, to be so specified, as appears to them to be equivalent to the ad valorem rate.

(2) The Treasury may, from time to time at such intervals of not less than six months as they think fit, vary the rate determined by any order previously made under this section so far as is necessary for securing that that rate shall continue to be equivalent to the ad valorem rate.

7. Where goods in respect of which duty is chargeable under the provisions of this Act consist of goods combined, as ingredients of a composite whole, with goods in respect of which a duty of Customs is for the time being chargeable under any Act other than this Act, then—

(a) where the amount of duty which would be chargeable under this Act in respect of the first mentioned goods, if the value of those goods were the value of the composite whole

or descriptions which are shown to the satisfaction of the Commissioners of Customs and Excise to have been consigned from, and grown, produced or manufactured in any part of His Majesty's Dominions outside the United Kingdom, other than a Dominion within the meaning of the Statute of Westminster or India or Southern Rhodesia.

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6. (1) Where it appears to the Treasury, after consultation with the appropriate Department, that any duty chargeable under or by virtue of this Act on goods of any class or description by reference to the value thereof could be levied with greater convenience if that duty were chargeable by reference to weight, or to measurement or to quantity, the Treasury may by order direct that the duty shall be charged by reference to weight, or to measurement or to quantity, as may be specified in the order, and at such rate, to be so specified, as appears to them to be equivalent to the ad valorem rate.

(2) The Treasury may, from time to time at such intervals of not less than six months as they think fit, vary the rate determined by any order previously made under this section so far as is necessary for securing that that rate shall continue to be equivalent to the ad valorem rate.

7. Where goods in respect of which duty is chargeable under the provisions of this Act consist of goods combined, as ingredients of a composite whole, with goods in respect of which a duty of Customs is for the time being chargeable under any Act other than this Act, then—

(a) where the amount of duty which would be chargeable under this Act in respect of the first mentioned goods, if the value of those goods were the value of the composite whole.
in which they are combined, exceeds the duty chargeable in respect of other ingredients of that composite whole under any Act other than this Act, duty of that amount shall be charged in respect of the first mentioned goods under this Act and no duty shall be charged in respect of any other ingredients of that composite whole;

(b) where the amount of duty which would be chargeable as aforesaid is less than the duty chargeable in respect of other ingredients of that composite whole under any other Act than this Act no duty shall be chargeable under this Act in respect of the first mentioned goods.

8. Section six of the Customs and Inland Revenue Act, 1879, shall not apply to goods liable to any duty of Customs under this Act, and any such goods re-imported into Great Britain or Northern Ireland after exportation therefrom shall, if it is shown to the satisfaction of the Commissioners of Customs and Excise that no drawback of duty was allowed on exportation, or that any drawback so allowed has been repaid to the Exchequer—

(a) where it is further shown as aforesaid that the goods have not been subjected to any process abroad, be exempt from duty; and

(b) where it is shown as aforesaid that the goods have been subjected to any process abroad but that their form or character has not been changed, be liable to duty as if the amount of the increase in the value of the goods attributable to the process were the whole value thereof and the sum contracted to be paid for the execution of the process shall be prima facie evidence of that amount, but without prejudice to the powers of the Commissioners of Customs and Excise under this Act as to the ascertaining of the value of goods for the purposes of this Act.

9. Where it is shown to the satisfaction of the Commissioners of Customs and Excise that any goods are being imported solely for the purpose of undergoing a process in Great Britain or Northern Ireland, or with a view to the re-exportation thereof after transit through
Great Britain or Northern Ireland or by way of transshipment, the Commissioners may, subject to such conditions as they think fit to impose for securing the re-exportation of the goods, allow the goods to be imported free of duty.

10.—(1) The value of any imported goods for the purposes of this Act shall be taken to be the price which an importer would give for the goods on a purchase in the open market if the goods were delivered to him at the port of importation, freight, insurance, commission and all other costs, charges and expenses incidental to the purchase and delivery at that port (except the duties under this Act) having been paid, and duty shall be paid on that value as fixed by the Commissioners of Customs and Excise.

(2) In determining the value of any goods for the purposes of this Act the Commissioners of Customs and Excise may have regard not only to the value of the goods as declared by an importer, but to all relevant considerations and in particular to—

(a) the price which at the time of importation of the goods of which the value is to be ascertained (in this subsection referred to as "the said goods") is being paid by other importers for goods of the like description and quality; or, if that price cannot be determined to the satisfaction of the Commissioners of Customs and Excise;

(b) the price at which the said goods or goods of the like description and quality, are freely offered for sale in the United Kingdom to purchasers in the ordinary course of trade, less an allowance in respect of duty under this Act and reasonable merchanting expenses and profits incidental to the marketing of the goods; or, if that price cannot be determined as aforesaid;

(c) the price at which goods of the like description and quality wholly or partly manufactured or produced in this country are freely offered for sale to purchasers in the ordinary course of trade, less an allowance in respect of the duty under this Act which that price would include if the goods had been imported and in respect of reasonable merchanting expenses and profits incidental to the marketing of the goods.
11. If in ascertaining the proper rate of any duty chargeable on any goods under this Act, any dispute arises as to the value of the goods, the question shall be referred to the arbitration of a referee appointed by the Lord Chancellor, who shall not be an official of any Government Department, and the decision of the referee with respect to the matter in dispute shall be final and conclusive, and sections thirty and thirty-one of the Customs Consolidation Act, 1876, shall apply as if the dispute were such a dispute as is referred to in the said section thirty, with the substitution of the application for a reference to a referee under this section for the action or suit mentioned in those sections.

12. Where, for the purposes of any of the provisions of this Act, it is necessary to ascertain what rate of duty chargeable by reference to the weight, or to the measurement or to the quantity of any goods is equivalent to a rate of duty chargeable by reference to the value thereof regard shall be had to the average import value, as determined by the Board of Trade, of goods of the like description imported in the last half calendar year for which records are available at the time when that rate is to be ascertained.

13.—(1) Any order made by the Treasury under the provisions of this Act other than section six thereof shall be laid before the Commons House of Parliament as soon as may be after it is made and shall cease to have effect on the expiration of a period of twenty-eight days from the date on which it is made, unless at some time before the expiration of that period it has been approved by resolution passed by that House:

Provided that in reckoning any such period of twenty-eight days as aforesaid no account shall be taken of any time during which Parliament is dissolved or prorogued, or during which the Commons House is adjourned for more than four days.

(2) Any such order as aforesaid may be varied or revoked by a subsequent order made in the like manner and subject to the like provisions:

Provided that an order reducing the rate of or discontinuing any duty may be made without a recommendation by the Committee.
14. In this Act the expression "Appropriate Department" means, in relation to agricultural and horticultural produce and the produce of any fishing industry, the Minister of Agriculture and Fisheries, the Secretary of State for the Home Department and the Secretary of State for Scotland acting jointly, and in relation to any other goods, the Board of Trade.

SCHEDULE.

GOODS EXEMPTED FROM 10 PER CENT. AD VALOREM DUTY.

10
Uncut precious stones.
Bullion.
Lobsters and fresh fish of British taking imported in British ships.
Printed matter.
Wheat (not including wheat flour).
Cotton.
Wool.
Iron ore.

20
Radium.
Import Duties.

DRAFT
OF A
BILL
To provide for the imposition of certain duties of Customs.

CCCXXXIII. (1.)

23rd January 1932.