

## **Administration Will Not Pursue ‘First Sale’ Tariff Rule Change**

*The Bush administration announced on Tuesday, June 24<sup>th</sup>, 2008* that it would no longer pursue the “*First Sale*” *Tariff Rule Change*, a strongly contested rule that would change tariffs for importers of apparel and other products.

"We are not going forward with any further action before 2011," U.S. Customs and Border Protection Commissioner Ralph Basham told the Senate Finance Committee on Tuesday.

In January, U.S. Customs and Border Protection (CBP) published a Notice of Proposed Interpretation in the Federal Register seeking public comment on a proposed new interpretation of the phrase “sold for exportation to the United States” for purposes of applying the transaction value method of valuation in a series of sales importation scenarios. The proposed interpretation would require the price paid by the buyer in the United States to the foreign distributor to form the basis for valuation.

This interpretation is a departure from the current application of the valuation statute, which allows importers to use the price paid by an intermediary to a foreign manufacturer as the basis for determining the transaction value of merchandise being imported into the United States. This departure from the current valuation method has been controversial.