Baryt-Kontor, G.n.b.H.,   June 10th,
Bad Lauterberg, Harz,   1937.
Germany.

Gentlemen:-   Customs Valuation of Reichsmarks

          We have your note of the 27th May, from which we learn
that you have been advised that the Canadian Government will, for duty purposes,
allow calculation of Reichsmarks at a value of 32¢ instead of the current
bankers' value of 40¢, and that this may help the importation of Barytes from
Germany.

                                                                            amended
          A ruling to that effect was issued some time ago by ~~with-~~
the Canadian Customs authorities, but unfortunately for us the ruling was ~~with-~~
~~drawn~~, so that while the Fair Market Value for Home Consumption as shown on
Customs Invoices may be calculated at 32¢ - RM, the actual selling price to the
Canadian purchaser has still to be calculated at the current rate, which is
40.3¢. and when you deduct from the selling price the transportation and other
costs, also calculated at 40.3¢ - RM, you find that there is a difference be-
tween the Fair Market Value as shown on your Customs Invoice and the Fair Market
Value as calculated by deduction of transportation and other charges from the
selling price, and this difference is taken into consideration when the Customs
Department assesses duty, so that there is no advantage except to those German
shippers who are willing to sell in Canada at less than the Market Value for
Home Consumption; in other words, those who are willing to dump.

          For instance, suppose the Fair Market Value of Barytes
were RM.50, the transportation and other charges RM.19, the selling price in
Canada c.i.f. should be approximately RM.69. Now, RM.50 at 32¢ is $17.50;
RM.69 at 40.3¢ is $27.80 RM.19 transportation, etc., at 40.3¢ is $7.68, and
the Customs insist on calculating Duty on the $27.81 less $7.68, which is a
value of $20.13, which is exactly the same as calculating the Fair Market Value
of RM.50 at 40.3¢, a value of $20.15, so until Customs authorities can change
their viewpoint, there can be no sale.

                                        Yours very truly,

                                        THE PIGMENT & CHEMICAL COMPANY LIMITED.

WSD:BM   Walter S. Dickson.