Principles and Methods Followed in
Drawing up the Common Tariff of the EEC

A note by the delegation of the Commission of the EEC on the
Principles and Methods Followed in Drawing up the Common Tariff has been
distributed (Spec(60)233) in the French original.

An English translation is attached hereto.
ANNEX

The Principles and Methods Followed for the Establishment of the Common Tariff of the EEC

A. BASIC PRINCIPLE

Under Article 9:1 of the Treaty establishing the European Economic Community, the Community is based upon a customs union comprising inter alia the adoption of a common customs tariff in relation with third countries.

B. THE ESTABLISHMENT OF THE COMMON CUSTOMS TARIFF

1. The Nomenclature

The nomenclature which has been selected is the Brussels Nomenclature which was drawn up under the auspices of the Customs Co-operation Council.

The nomenclature had already been adopted by the six members of the Community signatories to the Convention, within the framework of the CCC.

2. The Nature of the Customs Duties

The common tariff duties are in general ad valorem duties but this does not preclude the existence, in certain cases, of specific or combined rates of duty.

3. The Fundamental Rules for the Establishment of the Common Customs Tariff

The fundamental rules followed for the establishment of the common customs tariff are laid down in Article 19 of the Treaty:

"Article 19 ............."

4. The Methods Followed

In accordance with paragraph 1 of Article 19 of the Treaty, the duties under the common customs tariff were fixed, in general, at the level of the arithmetical average of the duties applied in the
four customs territories covered by the Community, as of 1 January 1957, due account being taken of the conditions and limitations set forth under paragraphs 2 and 3 of Article 19.

However, the duties relating to products included in certain lists annexed to the Treaty were established as follows:

- list F: the duties had already been fixed by common agreement
- list G: the duties were fixed by negotiations between the Member States.

C. THE DIFFICULTIES ENCOUNTERED AND THE SOLUTIONS ADOPTED

1. The implementation of those precise rules which, at first sight, seem simple and automatic came up against a number of difficulties due to the fact that there are substantial disparities between the customs tariffs applicable in the various Member States at the date of 1 January 1957.

A mere juxtaposition of the four national tariffs would have resulted in a very extended common tariff which, in most cases, would not have met any economic need and would have been practically useless for business circles and administrations.

In order to overcome this difficulty it was felt necessary, while respecting the level of arithmetical averages, to re-group sub-items where the difference between the various rates of duty resulting from the arithmetical average was of no interest because the disparity was small, the volume of trade unimportant and the economic significance negligible.

2. In addition to this general problem which was resolved as stated above, there were a number of other difficulties relating, inter alia, to combined and optional rates of duty, tariff quotas, seasonal duties and products admitted under special tariff treatment by reason of their destination.

The Community endeavoured to resolve these specific problems in the most equitable manner.
D. THE ESTABLISHMENT OF THE COMMON CUSTOMS TARIFF

The establishment of the common customs tariff on the basis of the four tariffs and in accordance with the provisions of the Treaty was carried out in several stages which are described hereafter:

(a) The consolidation of the four national tariffs with a view to establishing the arithmetical average in accordance with the provisions of Article 19, paragraph 2 of the Treaty.

This first part of the work was in the form of a confrontation of all the tariff lines (nearly 19,000) in the four tariffs in order to isolate those which related to different specializations and to merge those which were identical, because it is clear that the arithmetical average must result from the rates applied to identical products. The outcome was a "monster tariff" with more than 10,000 lines, not including those relating to list G items.

(b) The Establishment of a Draft Simplified Tariff

The purpose of consolidating the four national tariffs was mainly to arrive at the arithmetical average of duties as provided for in the Treaty. On this basis, it was essential to frame a rational customs tariff which could be the harmonious instrument required in view of the actual economic needs of the Community and its trade with third countries and not an incongruous medley dictated by particular national pre-occupations, which were, of necessity, obsolete having regard to the very existence of the Community.

Many sub-items were therefore re-grouped, due care being taken to respect, to the greatest extent possible, the incidence of duties resulting from the arithmetical average. As previously indicated the re-grouping was carried out more particularly in respect of sub-items in the case of which the difference between the arithmetical averages was insignificant, and in respect of sub-items giving rise to an unimportant volume of trade or having a negligible economic significance.
This method led to the establishment of a common customs tariff with 3,000 lines (not including items in list G). This draft was approved by the Council of Ministers at its meeting of 13 February 1960.

As regards the rates applicable to items in list G, those were established as a result of an agreement reached between the Member States on 2 March 1960.

On the other hand, a decision by the Council dated 20 July 1960 has established the rates, which had not yet been fixed, in respect of certain items (fiscal duties, harmonized rates of duty, specific or combined rates of duty etc.).

Thus all the products listed in the common tariff are now accompanied with a rate of duty with the exception of newsprint, manufactured tobacco and petroleum products.