

Working Party 5 on the Rhodesia-
Nyasaland Tariff

DRAFT REPORT OF THE SUB-GROUP ON THE CUSTOMS TARIFF
OF THE FEDERATION OF RHODESIA AND NYASALAND

The Sub-Group set up by Working Party 5 on 3 November 1955 was charged with the following tasks:

1. to establish with the aid of the representatives of the Federation the necessary factual background to enable the Working Party to consider whether the Federation, in establishing its new tariff, as modified by the new trade agreements with South Africa and Australia, had complied with the principles of Article XXIV and the provisions of Article I of the Agreement, and
2. similarly, to establish with the representatives of South Africa and Australia, respectively, the facts concerning changes in their tariffs resulting from their new agreements with the Federation.

The Federation Tariff

In examining the facts concerning the Federation tariff, the Sub-Group considered first the question of the general level of the tariff and secondly the changes that had taken place in margins of preference.

1. General Tariff Level

All members of the Sub-Group were satisfied that the level of the Federal tariff was not higher and probably even lower than the level of the former Territorial tariffs taken as a whole.

2. Preferential Margins

The representative of the Federation stressed the point that the preferential margins have, on the whole, been reduced, if measured against the old Territorial tariffs. He referred to the figures made available by him (Spec/336/55) which show on the basis of calculations based on trade figures of 1953 that the weighted average of all ad valorem preferences were reduced from 11.8 under the Territorial tariffs on the base dates to 8.8 per cent ad valorem under the Federal tariff. He pointed out that, if the Federation had adopted unchanged either the Southern Rhodesian tariff, or Northern Rhodesian tariff and applied it to the whole territory, there would have been an increase of preferential margins. If the Southern Rhodesian tariff had been used, most preferences in favour of the United Kingdom would have been increased for the rest of the Federation. If the Northern Rhodesian tariff had been used, most of the Dominion preferences would have been extended.

The Sub-Group agreed that any consolidation of the rates previously existing must necessarily have resulted in an increase in certain preferences for one or the other of the constituent territories and to the extension of certain preferences to cover imports into an area where no preference had

previously existed. They felt, however, that it was important for the group to know more precisely the number and importance of such changes. They agreed, however, that to compare item by item, all the columns of the Federal Tariff with the corresponding columns of the predecessor tariffs would not be possible in any reasonable period of time, particularly since the nomenclatures of the previous tariffs had not been indicated and the Federal Tariff included new classification and the modernization of antiquated classification. They decided, however, to attempt an item by item examination of a substantial sample of the tariff (including the new rates for South Africa and Australia) and agreed to the suggestion of the Chairman that the metals and machinery sector of the Federal Tariff be used for this purpose. Their examination, while not including the entire sector, covered the tariff numbers (82 to 107) chosen as a basis of this study include 52 sub-items. The result of this study is given in the table attached, which shows the preferential margins which have been changed.

In 24 cases, the preferential margins have not been affected either by the new tariff rates or by the Trade Agreements with South Africa and Australia. In two cases a comparison was impossible due to changes in the tariff nomenclature. In seventeen cases the preferential margins were partially maintained, partially reduced. In the case of 9 sub-items one or more of the preferential margins for imports from the United Kingdom or the Dominions (or agreed by Trade Agreements to the Union of South Africa or Australia), have been increased.

These nine cases which include increases of preferential margins illustrate most if not all of the kinds of circumstances in which the Federation found it necessary to increase or extend a margin of preference. For example, Tariff No. 82 - aeroplanes - with a rate of 10/0/0 involves an increase of the margin if compared with the previous Northern Rhodesian tariff, whilst the existing margins in the Southern Rhodesian tariff have been maintained; this situation also results in an increase of the preferential margin previously granted by Northern Rhodesia to Australia. In Tariff No. 86(1)(b)(1), the margin of the Dominion rate has been increased, as has the rate under the new Trade Agreement with Australia, but all other margins have been reduced. Tariff No. 93(1)(a) is an example of an item of diminished and diminishing economic importance where a standard set of rates (20%/20%/10%), at the general revenue level has replaced the former protective duties (25%/20%/20%). The increase in United Kingdom and Union preference arises in this case from the desire to simplify the rate pattern by adopting a limited number of rates for revenue purposes. Also in the case of Tariff No. 94(1), (2) and (3) - cash registers, accounting and calculating machines - margins of preferences have been increased by the introduction of a general revenue rate of 25/10/10. Item 103(c) is an example of an item where the creation of a new tariff number, which includes all engines of the same type, previously spread over various tariff numbers, led to extensive changes. The engines and parts covered were previously classified under a number of different items as industrial machinery, motor vehicle and motor cycle parts, tractor and bulldozer parts, engines for boats, etc., at varying rates of duty. The new item, therefore, involves various increases and decreases as compared with the former levels of duty and margins of preference.

Increases and decreases in margins of preference under the tariff of the Federation of Rhodesia and Nyasaland and related agreements as compared with the previous position in Southern and Northern Rhodesia respectively.

Items 82 - 107 inclusive¹

("o" = no change "++" = increased margin "--" = reduced margin)

<u>Tariff Item</u>	<u>Preference accorded to</u>							
	<u>Commonwealth Countries ex S.Africa/Australia as compared with</u>				<u>South Africa</u>		<u>Australia</u>	
	<u>S.Rh. Tariff</u>		<u>N.Rh. Tariff</u>		<u>S.Rh.</u>	<u>N.Rh.</u>	<u>S.Rh.</u>	<u>N.Rh.</u>
	<u>Dominions U.K.</u>		<u>Dominions U.K.</u>					
82	0	0	+	+	0	+	0	+
84	-	0	-	0	-	-	-	-
86(1)(a)(i)	-	-	0	0	-	-	-	0
(ii)	-	-	0	0	-	-	-	0
86(1)(b)(i)	+	-	-	-	-	-	+	-
(ii)	-	-	-	-	-	-	-	-
86(2)	-	-	-	-	-	-	-	-
87(3)	-	-	0	0	-	-	-	-
90(Builders' buckets)	-	-	-	0	-	-	-	-
(Other buckets)	-	0	-	0	-	-	-	-
93(1)(a)	-	+	-	+	+	-	-	-
(b)(i) & (ii)	(Change in nomenclature; comparison difficult)							
93(2)	-	-	-	+	-	-	-	-
93(3)	0	0	-	-	0	-	0	-
94(1)	+	0	+	+	-	0	+	+
94(2)	+	-	+	+	-	0	+	+

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These 25 tariff numbers comprise 55 sub-items. The following tariff numbers for sub-items: 83(1), 83(2), 87(1), 87(2), 88(1), 88(2), 89, 91, 92, 95, 96, 97(1), 97(2), 100(2), 100(3), 101(1), 104, 105, 107(1), 107(2), 107(3) were not affected by any change as far as preferential margin is concerned and are, therefore, not included in this Table.

<u>Tariff</u> <u>Item</u>	<u>Preference accorded to</u>							
	<u>Commonwealth Countries ex S.Africa/Australia</u>				<u>South Africa</u>		<u>Australia</u>	
	<u>as compared with</u>							
	<u>S.Rh.Tariff</u>		<u>N.Rh. Tariff</u>					
	<u>Dominions U.K.</u>		<u>Dominions U.K.</u>		<u>S.Rh.</u>	<u>N.Rh.</u>	<u>S.Rh.</u>	<u>N.</u>
94(3)	+	0	+	+	-	0	+	+
98	+	(2) ²	+	+	(2) ²	(2) ²	+	+
99	-	-	-	0	-	(Electric razors)	+	0
						(Other cutlery)-		
100(1)	0	0	-	-	0	-	0	-
101(2)	0	0	-	-	0	-	0	-
102(a)) Comparison of ad valorem rates as for 102(c) below.							
(b)) Comparisons of specific rates impossible as no previous counterpart.							
(c)	-	-	-	+	-	-	-	-
(c)103(a)	0	0	0	0	0	0	0	0
(b)	(Engines for cars, boats and lorries)							
and(c)	+	-	0	0	+	-	+	0
	(for motor-cycles)							
	-	-	-	-	-	-	-	-
	(for tractors bulldozers, etc. & stationary engines)							
	+	+	+	+	+	+	+	+
106(1)	-	-	-	0	-	-	-	-
106(2)	-	-	-	0	-	-	-	-
107(4)	0	0	-	-	0	-	0	-
107(5)	-	-	0	0	-	0	-	0

² It has been impossible to make exact comparisons here as the former specific duty has been replaced by an ad valorem duty.