

7 December 1960

EXAMINATION OF THE REASONS FOR DISCREPANCIES IN ESTIMATES
OF THE INCIDENCE OF THE EEC COMMON TARIFF

Note by the Secretariat

1. At an informal meeting of contracting parties a group of countries was invited to designate experts to examine with the representatives of the European Commission the discrepancies existing between the estimates of the Commission on the one hand and a number of contracting parties on the other of the incidence of the Common Tariff compared with the incidence of the national tariffs of the Member States of the EEC and the reasons for these discrepancies.
2. In an explanation of the methods they had used to establish the Common Tariff, representatives of the Commission said that the rates of duties of the individual tariffs taken as a basis for calculating the incidences of these tariffs were the rates bound under the GATT when such rates had been negotiated or, if no such rates existed, the legal rates of duty in force on 1 January 1957, irrespective of any unilateral suspensions or reductions. In the case of specific duties or of tariff quotas the average incidence has been taken as a basis.
3. With a view to facilitating any comparison between the incidence of the national tariffs and that of the Common Tariff, the representatives of the Commission gave the following additional information:
 - (a) the rates of the Common Tariff which had been referred to in the document submitted by the Commission were those of the Common Tariff as approved by the EEC Council in March last and did not take into account the 20 per cent reduction which was offered by the Commission at the opening of the Conference subject to reciprocity;
 - (b) the incidence of the national tariffs and of the Common Tariff had been calculated on the basis of customs collections, i.e. the revenue which would have been collected in 1958 on the actual volume of imports at the rates of duty, as defined in paragraph 2 above;
 - (c) in the case of national tariffs, the incidence is based on the actual imports into the customs territories of the EEC members from all contracting parties to GATT, excluding imports from other members of the EEC and associated overseas territories;

- (d) in the case of the Common Tariff the incidence is based on the revenue which would have been collected on the same volume of imports into the Community (taken as a whole) if the rates of the Common Tariff had been applied;
- (e) the statistical material used for these calculations has been supplied to the Commission by the Member States in the form of punched cards.

4. The representatives of the Commission have indicated to the members of the Group the result of these calculations which the Commission intends to communicate formally to the CONTRACTING PARTIES when the examination of the Common Tariff under article XXIV:5(a) takes place.

5. A number of experts put questions to the representatives of the Commission; the latter agreed to consider these and provide the information asked for wherever practicable. The points raised are listed in Annex A and the information is either given in Annex B or will be circulated later.

6. It was noted that the discrepancies between the estimates of the Commission and of other contracting parties could to a large extent be explained by the following facts:

- (a) as explained above, the Commission has taken as a basis for its calculations the legal rates whereas other contracting parties have taken the rates of duty actually applied on 1 January 1957;
- (b) The Community has based its calculations on the pattern of imports into the Community taken as a whole whereas the calculations of other contracting parties reflected the pattern of their exports to individual members of the Community. This again leads to substantial discrepancies, especially for those countries whose export trade is mainly directed towards one or two members of the Community;
- (c) another factor which, to a certain extent, affects the comparability of the data relating to national tariffs and those relating to the Common Tariff is the result of the conversion of revenue duties into internal taxes. If, as it appears to be the case, the revenue duties were taken into consideration in calculating the incidence of national tariffs, that incidence would not be strictly comparable with the incidence of the Common Tariff which did not take into account the fact of internal taxes replacing those revenue duties.

ANNEX A

Further Information Requested from the Commission

1. A version in terms of imports in 1958 and tariffs applicable on 1 January 1957 of the summary table at the beginning of the note on the incidence of the Common Tariff (MGT/151/57) circulated to Contracting Parties by the Interim Committee for the Common Market on 13 November 1957. (This summary table gave for 1956, figures, broken down by groups of chapters, for (a) imports separately into member states from third countries and the corresponding totals of import duties and (b) total imports into the Common Market together with the corresponding totals of import duties which would be paid under the Common Tariff.)
2. Further details on the comparative incidence on 1 January 1957 of the Common Tariff and the German Tariff on imports into the Federal Republic from third countries.
3. The total (in thousands of dollars) of the fiscal duties applicable on 1 January 1957, included in the Commission's calculations of the incidence of national tariffs on that date on the basis of imports in 1958 but not included in the Commission's calculations of the incidence of the Common Tariff.
4. The total (in thousands of dollars) of duties actually paid on imports into Member States from third countries in the base year 1958 (excluding any reductions or increases made since 1 January 1957 in duties actually paid - as opposed to bound or legal rates).
5. A list of countries included in the Commission's statistics for the XXIV:6 negotiations (Doc.III/2300/60 circulated as Spec(60)79/Add.3).
6. The arrangements made in calculating the comparative incidence of the Common Tariff and of the total national tariffs for those commodities for which the Common Tariff has not yet been fixed.
7. Further information about the methods of calculation of List "G" items.

ANNEX B

Replies by the Commission to Questions in Annex A

ad 1. The bringing up to date of document MGT/51/57 to include the 1958 import statistics and the duties in force on 14 January 1957 in the various Member States, would involve a good deal of work and, besides, would probably not be of great interest, for the document could provide no more than indications for the simple reason that, at the time of its drafting, the present structure of the nomenclature of the common tariff, and hence of the rates of duty under that tariff had not yet been fully settled. There were, therefore, numerous gaps in the document in question. Up-to-date information concerning the volume of imports and the rates of duties for each of the Member States will, however, be found in the documents distributed to the CONTRACTING PARTIES before the opening of the Conference (see Spec(60)73 and Addenda thereto).

ad 3. Internal taxes applicable on 1 January 1957 have not been taken into account either in calculating the incidence of the national tariffs, or in calculating the incidence of the common tariff.

ad 4. It is practically impossible to determine the total amount of the duties actually charged in each of the Member States on imports from third countries. In the first place, the figures for customs receipts cover at present both imports from third countries and those from other Community countries. In the second place, it is not possible, in certain cases, to separate receipts from customs duties proper by so-called amounts from other revenue collected by the customs authorities (internal taxes, turnover taxes, shipping dues, etc.).

ad 5. The list requested is given below.

ad 6. Petroleum products (four items), manufactured tobacco and newsprint are the only commodities for which common tariff rates have not yet been fixed. A decision is expected to be taken very soon by the Community with regard to newsprint and will be immediately notified to the CONTRACTING PARTIES.

ad 7. In pursuance of the provisions of Article 20 of the Treaty of Rome, the common tariff duties for products in List G have been fixed by means of negotiations between the Member States and not by the method of the arithmetical average.

List of Countries whose Imports into EEC Countries are
Included in the Figures Given in Document EEC/III/2300/60
(Spec(60)73/Add.3)

(See paragraph "ad 5" above)

Australia and dependencies
Austria
Brazil
Burma
Cambodia
Canada
Ceylon
Chile
Cuba
Czechoslovakia
Denmark
Dominican Republic
Finland
Ghana
Greece
Haiti
India
Indonesia
Japan
Federation of Malaya
Nicaragua
Norway
New Zealand and dependencies
Pakistan
Peru
Federation of Rhodesia and Nyasaland
Sweden
Surinam
Switzerland
Turkey
Union of South Africa
United Kingdom
 Cyprus
 Nigeria
 Aden
 Bahrein
 Qatar and Oman
 North Borneo
 Brunei and Sarawak
 Hong Kong
 Kuwait
 Singapore
 British possessions and territories in America,
 including Jamaica,
 in Europe
 in West Africa
 in East Africa
 in Oceania

United States of America

United States dependencies in Central America

United States dependencies in the Pacific

Uruguay

Note:

The Statistical Office of the European Communities at Brussels included imports into EEC countries from Cambodia, Jamaica and Surinam in the figures mentioned in document EEC/III/2300/60. The delegation of the EEC Commission agrees that imports from these countries should not have been included in the figures given in that document.