

GENERAL AGREEMENT ON TARIFFS AND TRADE

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ACCESSION OF THE DEMOCRATIC REPUBLIC OF THE CONGO

Replies to Questionnaire

A memorandum on the foreign trade régime of the Democratic Republic of the Congo was circulated in document L/3376. In that document contracting parties were invited to submit to the secretariat questions concerning the memorandum.

In reply to the invitation a number of questions were received and transmitted to the Government of the Congo. These questions and the replies received from the Government of the Congo are reproduced hereunder.

A. General question

Question 1

Is the Congo willing and able to undertake full GATT commitments?

Reply

Subject to special provisions concerning frontier trade and without prejudice to the provisions of Article XXIV of the General Agreement, the Congo is willing to undertake full GATT commitments. It is able to apply the General Agreement because complete freedom of trade with foreign countries continues; the steps taken in connexion with the monetary reform of 24 June 1967 made it possible for the Congo Government to liberalize all foreign trade operations.

B. Economic integration: bilateral agreements

Question 2

The Democratic Republic of the Congo does not grant any reduction in duties to the six members of the EEC on the ground of fiscal considerations. Will the Democratic Republic maintain the policy of non-discriminatory application of duties, even when such fiscal considerations become no longer necessary in the future?

Reply

In practising a foreign trade system based on the principle of freedom and equality of trade, the Democratic Republic of the Congo considers the policy of non-discrimination in trade matters as being a valid principle in that it constitutes an incentive for the country's economic development.

Nevertheless, the Democratic Republic of the Congo recognizes that the preferences which contracting parties grant to each other within the framework of the General Agreement will eventually lead to general dismantlement of customs tariffs as between their economies and will tend towards the formation of a broad free-trade area which is the ideal pursued by GATT Member countries.

The Democratic Republic of the Congo is in favour of this objective and, as it has already done within the framework of the Yaoundé Convention, declares its readiness to envisage at an appropriate moment the possibility of re-examining its present position which, moreover, derives from its earlier commitments under the Yaoundé Convention.

Question 3

Does the Congo intend to establish any preferential trading arrangements with its present UEAC partner (Chad) or with other trading blocs such as UDEAC or the East African Economic Union?

Reply

The Congo has the possibility of concluding preferential trading arrangements with its present UEAC partner (Chad) or with other trading blocs such as UDEAC or the East African Economic Union. Any such arrangements will be concluded consistently with the provisions of Article XXIV of the General Agreement; their purpose will be to facilitate trade between the constituent territories and not to raise barriers to the trade of other contracting parties which are not parties to these arrangements.

Question 4

Will the Congo furnish full details concerning all present bilateral trade agreements? Do any of its bilateral agreements provide for the exchange of fixed quantities or values of goods? What are the Congo's intentions with regard to bilateral trade agreements if it becomes a GATT contracting party?

Reply

The Congo can furnish full details concerning all present bilateral trade agreements. None of these agreements provides for a system of quota restrictions. The Congo's intentions with regard to existing bilateral trade agreements will remain unchanged, because in general the provisions set forth in these agreements are in no way incompatible with the provisions of the General Agreement in this respect.

Question 5

Will the Congo accept the obligation to consult with any GATT Member dissatisfied with Congolese trade practices or with the outcome of bilateral trade relations?

Reply

Subject to the maintenance of the fundamental principles governing the policy of non-discrimination in trade matters, the Congo will accept in full, like any other contracting party, the obligations deriving from the General Agreement, in particular with respect to consultation, under the provisions of Article XXIV of the General Agreement.

C. Customs tariff

Question 6

In paragraph I(a), Chapter II of document L/3376, a distinction is made between revenue and customs duties; how do levels of revenue duties vary among import categories and how are these levels decided upon?

Reply

The essential characteristic distinguishing customs duties from revenue duties is that the former allow tariff preferences to be granted under international agreements. In view, however, of the overriding need for the Democratic Republic of the Congo to maintain tax revenue at a high level, these duties have been set at the lowest level for import categories in which trade is substantial.

On the basis of known statistics for the early months of 1970, customs duties represent 40 per cent of total receipts from import duties. It is not desirable at the present time to alter the levels set, because there is no reduction in the customs duty rates.

Question 7

Are the levels of customs duties reviewed periodically to assure that they remain consistent with development needs of the Democratic Republic of the Congo? (cf. paragraph I(b) of Chapter II of document L/3376).

Reply

The tariff at present in force comprises many headings subject to preferential rates of duty, designed to promote the development of national industries. This is the case in particular for products such as woven fabrics of cotton or of man-made fibres, sheets and plates of iron, steel or aluminium etc. Furthermore, protective duties were recently introduced in order to protect the ready-made clothing and match industries. The levels of customs duties as well as revenue duties are therefore reviewed whenever necessary to afford protection and the latter can only be based on tariff considerations, no provision being made for any other trade protection measure. For this purpose a special commission exists, comprising representatives of the Ministries of Finance, National Economy and Industry, as well as of the National Bank. In particular the Commission has the task of making proposals to the authorities for tariff changes where the country's economic development needs so require.

Question 8

In paragraph I(c), Chapter II of document L/3376, do we understand correctly that revenue duties constituted only 26 per cent of total 1967 customs receipts? Does the customs (economic) aspect of the tariff also contribute to vital revenue receipts? Would essential revenues be lost if customs duties were reduced or eliminated for economic reasons?

Reply

In 1967, aggregate import duties (customs duties and revenue duties) constituted 26 per cent of total customs receipts. In 1968, this percentage was 27 per cent and in 1969 it was again 26 per cent. This relatively low percentage is attributable to the high level of revenue receipts in respect of the Congo's exports, because in each year since the 1967 monetary reform, export duties have exceeded 60 per cent of total customs receipts.

One must acknowledge that duties of an economic character, whether preferential or protective in purpose, also constitute an important source of revenue; account must indeed be taken of the unreliable character of export earnings because these are affected by fluctuations in world prices for commodities on international markets. For example, a slump in prices of copper products and other minerals would cause substantial revenue losses. Export duties on these products account for 50 per cent of total customs revenue. And while the import duties at present applied can be described as very moderate, they account for a fairly substantial part of overall customs revenue. A general increase in the level of those duties would even be desirable in order to permit a reduction in export duties, because domestic products should not be subject to major fiscal barriers which could affect their capacity to compete in external markets.

D. Supplementary import taxes

Question 9

Are "consumption taxes", mentioned in paragraph VI(a) of Chapter II, set at the same level as excise duties on comparable domestic products? Are they applied on c.i.f. value?

Reply

No special protection is granted to any domestic products subject to consumption taxes; excise duties are applied at the same level to like imported products.

At the present time, no taxes of this kind are applied on foreign goods which might conceivably be substituted for domestic goods. The consumption taxes are exclusively specific.

Question 10

In paragraph VI(b) of Chapter II, why is the statistical tax higher on imports (3 per cent) than exports (1 per cent)? Why is this tax ad valorem, since there appears to be no linear relation between the value of goods entering international trade and the cost of statistical processing by customs officials?

Reply

The statistical tax on exports is lower than that on imports, in order not to increase the tax burden on national exports. Customs officials are not responsible for carrying out the statistical processing of foreign trade; such processing is carried out by a specialized service, the "NATIONAL STATISTICAL INSTITUTE", on the basis of all the customs documents issued by customs offices.

In the very near future, statistics of this kind will be established by the Finance Department of the Democratic Republic of the Congo, using up-to-date electronic equipment.

In view of the fact that the proceeds from the tax referred to are designed to cover the expenses of statistical processing, an ad valorem charge is just one way, like any other, of obtaining the necessary funds for this purpose.