

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/2061/Add.3
25 February 1964

Limited Distribution

CONTRACTING PARTIES
Twenty-first Session

Original: French

EQUATORIAL CUSTOMS UNION-CAMERCON

Replies to Questions Put by Contracting Parties

Set out below are the questions received from contracting parties concerning the Equatorial Customs Union-Cameroon, together with the replies received, respectively from the ECU representative and the Gabon delegation.

A. Questions concerning the Convention establishing the Equatorial Customs Union (document L/2061, Section A)

1. Did the coming into force of the Convention, and in particular of Article 1, entail the removal of any trade barriers?

Replies

Equatorial Customs Union-Cameroon

Under Article 1 of the Convention establishing the Equatorial Customs Union, it was possible to retain the complete freedom of trade existing between the four States before their accession to independence and to prevent the introduction of any trade barriers.

Gabon

The objective of the Convention was to maintain the free movement of merchandise, goods and capital between the Central African Republic, Gabon, the Congo and Chad. The Convention can therefore be considered to have entailed the elimination of trade barriers which would otherwise have come into existence upon the dissolution of the Federation.

2. At the time of the signing of the Convention, was the "import customs tariff" referred to in Article 2 already in existence and common to the four States of the Equatorial Customs Union?

Replies

Equatorial Customs Union-Cameroon

Gabon

Yes (see Article 2 paragraph 2).

Yes.

3. What is the nature of the "single charge system" referred to in Article 13?

The "single charge system" referred to in Article 13 is designed to reconcile a number of requirements, namely the industrialization of the four States, the need to open the consumer market of the whole Union to certain industries, the need to share out between the four States the fiscal revenue from products of those industries. In brief, the import duties and taxes applicable to the raw materials are replaced by a "single" charge levied on exit from the factory, the revenue therefrom being shared out between the States pro rata to their consumption.

The "single charge" is a tax levied and paid at the production stage. It replaces import duties and taxes on the raw materials and essential products used in the manufacture of articles into the form in which they are delivered to the trade. It also replaces any internal charge either on the raw materials and essential products used in manufacture, or on the manufactured article.

The revenue from the single charge is shared out every three months between the ECU member States pro rata to their consumption of domestic manufactures subject to the tax and in relation to the rates applicable in each State.

B. Questions concerning the Protocol of Agreement, Equatorial Customs Union-Cameroon (document L/2061, Section B 1)

4. What distinction, if any, is intended in the opening paragraph between a "common market" and a "customs union"?

A distinction is made. The Customs Union aims at merging the territories of the five States into a single customs territory within which imports would be subject to a single identical system and there would be complete freedom of movement for merchandise. In order to avoid any inequity of development which might result from such freedom, the States

The Protocol of Agreement of 23 June 1961 indeed makes a distinction between "customs union" and "common market".

The Customs Union implies the existence of a common external customs tariff between the member States, and free movement of merchandise, goods and capital.

Replies

Equatorial Customs Union-Cameroon

Gabon

considered it necessary to go one step further than the Customs Union and achieve a real common market, which would imply the harmonization of industrialization projects, development plans and transport policy.

The achievement of a "common market" goes one step further, and in particular implies the desire of the States to apportion industrialization projects, and to harmonize plans and transport policies.

The Second Protocol of Agreement, signed on 11 February 1964 at Fort Lamy by the five Heads of State, is quite explicit in this regard.

5. Is it the intention of the Equatorial Customs Union and Cameroon eventually to achieve the same free movement of merchandise, goods and capital between their respective customs territories as is stipulated for the customs territory of the Equatorial Customs Union in Article 1 of the Convention establishing the Equatorial Customs Union?

Yes.

Yes.

6. Is it the intention of the Equatorial Customs Union and Cameroon to establish a uniform external tariff which is common to both the Equatorial Customs Union and Cameroon in respect of all types of duties?

Yes.

Yes. The provisions of Chapter III, paragraph (b), sub-paragraph 1 of the Protocol of Agreement of 11 February 1964 leave no room for doubt on this subject.

7. What fields will be covered by the proposed special Convention, referred to in item 4 of the Protocol of Agreement between Cameroon and the Equatorial Customs Union?

The Convention referred to in item 4 of the Protocol of Agreement between Cameroon and the Equatorial Customs Union was signed by the parties concerned on 23 June 1963.

It replaces the Convention formerly governing trade, customs control of trade, and transport arrangements between Cameroon and the four States of the ECU.

This Convention has been signed, on 23 June 1961 at Bangui, and was notified to GATT at that time.

It specified the provisional régime - now in force - governing trade in products and merchandise, whether of local origin or imported, as well as arrangements for customs control over such trade.

Replies

Equatorial Customs Union-Cameroon

Gabon

In actual fact, it represents a transitional solution pending the attainment of the proposed customs union; its field of application is broader than that of the earlier Convention but covers substantially the same problems.

8. What proportion of the total trade between the Equatorial Customs Union and Cameroon will be covered by this association?

Once the Customs Union has been fully achieved, all trade between the ECU and Cameroon will be covered by the association.

The Convention of 23 June 1961 covers all trade (raw materials, manufactures, imports).

The treaty to be concluded before 15 December 1964 (see Protocol of Agreement of 11 February 1964) will also lay down provisions for all trade between the five States.

C. Questions concerning the Convention regulating economic and customs relations between the members of the Equatorial Customs Union and Cameroon (document L/2061, Section B 2)

9. Aside from turnover taxes, what are the "other duties or charges" which Article 1 specified "will remain chargeable"?

The term "other duties or charges" covers the customs stamp duty, warehousing duty, customs sealing duty and various other charges instituted by individual States.

Decision No. 2 of the ECU-Cameroon Joint Commission, dated 3 May 1963, stipulates that the only charge to be levied is the turnover tax on imports, at the rate of 12 per cent in each direction.

10. Is it a correct interpretation of Articles 2 and 3 to say only the "single charge" will be levied on products and merchandise included in List 2? If not, what is meant by the "single charge"?

Replies

Equatorial Customs Union-Cameroon

Yes. However, not all the products in the list have so far been made subject to a single charge; in such case they are subject to quota and charged in accordance with the provisions of Article 1.

11. Is it foreseen that the "common level" of the single charge referred to in Article 5 will eventually be zero?

No.

Gabon

Yes. (See definition of the single charge above, reply to question 3.)

No.

Every under-developed country is obliged, for budgetary reasons, to impose a charge on manufactures to offset the loss of earnings on imported products.

D. Questions concerning Act No. 16 of the Management Committee of the Equatorial Customs Union (document L/2061, pages 3-5)

12. What was the reason for the imposition of the common external tariff referred to in Article 1 in addition to the import duties and charges then in force instead of forming a common external tariff solely on the basis of existing duties?

The common external tariff is a customs tariff; import duties and charges are of a fiscal nature and apply uniformly to all merchandise of whatever origin. The specification in Article 1 of Act No. 16/62 is designed to enlighten users as to the character of the common external tariff as compared with the fiscal tariff.

Because, having regard to the structure of the common external tariff, that method would have resulted in a drop in revenue when, precisely, additional resources were essential for budgetary equilibrium of the States.

13. What criteria would apply for the determination of "certain countries" and "certain products" in the third provision of Article 3 and how would EEC products be treated?

Replies

Equatorial Customs Union-Cameroon

The criteria determining the application of the third provision of Article 3 have not yet been fixed.

With respect to products originating in States of the European Economic Community, on 21 January 1964 the ECU-Cameroon Joint Commission decided that the provisions of Article 5 of Act No. 16/62 would be extended until the date of entry into force of the Association Convention between the EEC and the associated African and Malagasy States. It was also decided that those products would be exempt from duties under the common external tariff as from that date.

14. Under what GATT Articles would the third provision of Article 3 operate and how would it be reconciled with such GATT Articles?

The responsible authorities have not yet determined the doctrine for application of the third provision of Article 3.

15. What types of "derogations arising from particular customs relationships existing between the Federal Republic of Cameroon and the United Kingdom" (fourth provision of Article 3) are contemplated and how could they be reconciled with GATT? Can specific examples be cited?

The derogations referred to in the question apply to products and merchandise originating in the United Kingdom of Great Britain and Northern Ireland which are imported directly into Western Cameroon, and consist of exemption from duties under the common external tariff until 31 December 1964 (see Decisions 2/62, 16/62 and 1/64 of the ECU-Cameroon Joint Commission).

Gabon

The criteria for the application of the third provision of Article 3 have not yet been fixed.

However, some of the possible criteria have been specified in the provisions of Articles I-11 and I-12 of the Customs Code.

Products originating in the EEC are to be admitted free of duty under the common external tariff during the validity of the current Association Convention (see decision of 21 January 1964 by the ECU-Cameroon Joint Commission).

See reply to question 13 above.

Temporary exemption from duties under the common external tariff until 31 January 1964 (Decision 1/64 of 21 January 1964 of the ECU-Cameroon Joint Commission).

16. What is the reason for the exemption in Article 4 of products originating in France from customs duties contained in the common external tariff and on what GATT provision is this preferential treatment based? If based on GATT Article I, are the margins of preference in conformity with the provisions of that Article?

Replies

Equatorial Customs Union-Cameroon

It is not contrary to the provisions of Article I of GATT for products originating in France to be exempted from duties under the common external tariff, whether in connexion with paragraph 2 or paragraph 4.

17. What will be the position in regard to the preferences granted in favour of France when the customs union stage of the European Economic Community is fully reached?

The other countries of the European Economic Community enjoy the same preferences as France since the institution of the common external tariff (see Article 5 of Act 16/62 and the reply to question D/13).

18. What is the reason for the exemption in Article 4 of products originating in the OAMCE States from customs duties contained in the common external tariff?

This is pursuant to the provisions of the Treaty of 12 September 1961 establishing the African-Malagasy Economic Co-operation Organization, in particular Articles 2 and 3 thereof.

19. What is the reason for the suspension up to 31 December 1962 of the common external tariff with respect to the European Economic Community (cf. Article 5) and what is the current situation?

It was decided to suspend the common external tariff with respect to the European Economic Community pending ratification of the Association Convention. As from the entry into force of that Convention the suspension will become an exemption (see reply D/13).

Gabon

It is not contrary to the provisions of Article I of GATT for products originating in France to be exempted from duties under the common external tariff, whether in connexion with paragraph 2 or paragraph 4.

France already enjoys and will continue to enjoy the same régime as the other States in the European Economic Community.

This is pursuant to the provisions of the Treaty of 12 September 1961 establishing the African-Malagasy Economic Co-operation Organization, in particular Articles 2 and 3 thereof.

It was decided to suspend the common external tariff with respect to the European Economic Community pending revision of the Association Convention (see reply to question 13, paragraph 3).

