

GENERAL AGREEMENT ON TARIFFS AND TRADE

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EXPLANATORY NOTES ON PROCEDURES FOR FIXING AND MODIFYING TARIFF RATES

1. In accordance with the agreement reached - see MTN/4, paragraph 16 and MTN/TAR/3, paragraph 9 - delegations were invited to submit explanatory notes describing their national procedures for fixing and modifying tariff rates.

2. Notes received up to 24 September 1975 are reproduced in the following annexes:

- | | |
|-------------------|-----------------|
| 1. Austria | 6. Japan |
| 2. Canada | 7. Norway |
| 3. Czechoslovakia | 8. South Africa |
| 4. Finland | 9. Spain |
| 5. Hungary | 10. Sweden |

3. Those delegations who have not yet submitted explanatory notes are requested to do so as soon as possible in order that information may be issued as an addendum to the present document and circulated before the meeting of the Group "Tariffs" scheduled for 14 October 1975.

Annex 1

AUSTRIA

In Austria the general tariff rates are fixed bindingly by the Customs Act of 1958, as amended. The fixing and/or the modification of a tariff rate requires parliamentary approval as well as the publication of this decision in the Federal Law Gazette; this procedure is the procedure required for the enactment of a bill by the relevant provisions of the Austrian Constitutional Law.

In addition, the Federal Minister for Finance is authorized by the Customs Act to reduce or suspend duties in general or in specific cases on account of price policies for reasons of supply or as a solution to temporary crises; such reductions or suspensions can only be made on a temporary basis. The Federal Minister for Finance has used this authority in specific cases for the duration of the existence of the legal basis. Such conditional and - in duration - limited measures in favour of imported goods are only made upon request by the importer who has to bind himself to forward the amount of the tariff reduction to the Austrian consumer. The fulfilment of this obligation is reviewed. The continued validity of the autonomous tariff rates as well as of the contractual GATT-rates is in no way affected by the granting, from time to time, of such unilateral and temporary tariff reductions.

The contractual rates agreed upon in the framework of the General Agreement are subject to the same internal procedures as the autonomous tariff rates; i.e. they have to be approved by Parliament and to be published in the Federal Law Gazette.

Annex 2CANADA

The Customs Tariff is an Act of Parliament. It consists basically of three sets of rates: Preferential Tariff rates for Commonwealth countries; M.f.n. Tariff rates for most other countries and General Tariff rates which apply to goods from a few countries and are not significant in trade terms. In addition, reduced rates have been extended to a wide range of products imported from designated developing countries under the General System of Preferences (GPT). Finally, for certain products, there are special rates for goods from some Commonwealth countries under bilateral trade agreements.

Some changes in tariff items, normally reductions in tariffs, are introduced at the time of an annual budget on a permanent basis.

Reductions in m.f.n. rates may be made by Order in Council as compensation for concessions granted by other countries.

Tariff changes of a temporary nature may be introduced in annual budgets (e.g. the Budget of 19 February 1973 introduced temporary reductions on a range of products) or by Order in Council (section 273 of the Customs Act authorizes temporary reductions in tariffs on goods that are imported for use in manufacturing in Canada and section 12 of the Customs Tariff authorizes temporary reductions in duties on most chemicals and plastics).

Annex 3

CZECHOSLOVAKIA

Under the new Czechoslovak Customs Law No. 44 of 24 April 1974 of Law Gazette tariff rates are fixed and can be modified by Government Decree. Under this Law tariff rates can be modified also by international agreements.

The Czechoslovak Customs Tariff in force was issued by Government Decree No. 32 of 1974 of Law Gazette. Its last version containing seventh supplement was published by the International Customs Tariffs Bureau in Brussels in 1971 as its fourth edition.

Annex 4FINLAND

In the current Customs Tariff of Finland there is only one main category of duties, the general duty. This duty is, principally, applied to imports from all countries.

Another category is constituted by GATT duties, of which the last change was effected in 1968; the changes have been established in Finland by decree. The general duties were reformed in 1968 as well; they are either equal to the duty based on the GATT agreement or under it. Imports from GATT countries are, accordingly, subject to the general rate of duty as well.

General rate of duty

In Finland the general rate of duty is laid down by the Parliament by legislation. Duties deviating from the general duties are the following:

1. Import levies

- 1.1 For reasons relating to agricultural policy, most duties mentioned in chapters 1-24 are termed import levies. Their rate is laid down in the same way as that of duties, with the exception that the preparatory body is composed of those representing the agricultural interests. GATT commitments are subject to the same arrangements as duties.
- 1.2 The Ministry of Finance retains the right to effect changes to part of import levies (i.e. meat, dairy produce, fats) according as the world-market prices are fluctuating (variable import levies). Changes take place relatively frequently, at times even every week.
- 1.3 The Council of the State is, furthermore, empowered to provisionally reducing duties and import levies for certain foodstuffs for the purpose of safeguarding the interests of economic and business life. Among these foodstuffs are coffee, certain fruit and vegetables. Provisional reductions are, as a rule, in force for a period varying from a few months to half a year.

2. T-duties (industrial rate of duty)

- 2.1 T-duties are Customs concessions granted for certain raw materials for the benefit of home industry. The Parliament lays down t-duties, like other duties, in the Customs Tariff Act.

- 2.2 T-duties come into being after representatives of industrial life have submitted a relative application to the Board of the Customs Tariff, the body preparing the Customs Tariff.
- 2.3 T-duties are noted in respective headings in the Customs Tariff Act.
- 2.4 To be entitled to the use of t-duty an industrial enterprise has to lodge a relative application to the District Customs Office, which makes a decision on the entitlement to the concession for one calendar year at a time.
- 2.5 The t-duty and exemption from duty are applied to goods referred to in the note, irrespective of their country of origin.

3. E-duties

- 3.1 E-duties constitute another category of Customs concessions laid down for safeguarding the functioning of home industry. This concession is, in the first place, applied to machinery and apparatus necessary for productive activities. The Parliament lays down e-duties in an equal way as other general duties.
- 3.2 The establishment of e-duties is, in conformity with t-duties, preceded by applications to be submitted by industrial circles.
- 3.3 E-duties are marked at the side of the general duty in the Customs Tariff Act. In a few cases, even e-duty may be indicated by a note.
- 3.4 E-duty may be applied to a product only if corresponding production does not exist in Finland at industrial level.
- 3.5 Importers have to apply to the Board of Customs for a certificate entitling them to the application of e-duty. The Board of Customs makes, in general, a relative decision for half a year at a time.
- 3.6 E-duty is applied to goods irrespective of their country of origin.

4. Free-trade agreements

- 4.1 All tariff reductions incorporated in the free-trade agreements have been calculated as gradual reductions out of the general duty.
- 4.2 The oldest free-trade agreements concluded by Finland are the FINEFTA agreement and a corresponding agreement with the Soviet Union. On the basis of these agreements almost all imports from these areas are duty free.

- 4.3 The tariff reductions incorporated in the latest free-trade agreements, those concluded with EEC countries and certain CMEA countries, are calculated out of the general duty. For EEC reductions, the basic duty is equal to the duties in force on 1 January 1972 and for CMEA countries on 1 January 1974. Imports from the two areas are exempt from duties from 1 July 1977 onwards and, for certain goods, from 1 January 1985 on.

GSP-duties

In Finland GSP-duties are neither connected with nor based on the general duties, although they have been laid down for each Customs Tariff heading and chapter. Concessions of Customs duties and import levies in respect of goods with provenance in developing countries are stipulated in a separate legislation. A brief description of regulations and procedures concerning GSP-duties will be given below.

- 1.1 Goods originating in and imported from developing countries are exempt from duties and import levies by virtue of the relative Act (973/71). The Council of the State prescribes by decree (974/71 with a few amendments) which countries qualify as developing countries in the sense of this Act and which goods are eligible for exemption from duties and import levies. Commissioned by the Ministry of Finance, a special negotiating group, which submits its propositions to the Council of the State, prepares GSP-duties and their changes.
- 1.2 The decree lists for each Customs Tariff heading and chapter the GSP goods that are exempt from duties or import levies in chapters 1-24 and stipulates that goods specified in chapters 25-29 in the Customs Tariff are duty free when imported from these countries, with the exception of certain products mentioned heading by heading. This exemption from duties and import levies is a real, indirect immunity not governed by for instance quotas.
- 1.3 The exemption from duties and import levies is subject to the condition that the importer submits a relative application, as part of the import documents, together with a certificate of origin conforming to the established model.
- 1.4 Principally, all countries specified in the decree are entitled to GSP treatment but in practice proper authorities in each developing country have to, before this, notify the Finnish Board of Customs of the authority that may, in respective developing countries, issue or endorse certificates of origin acceptable as documentary evidence and necessary for the exemption from duty, accompanied by the model stamps used by the competent authorities. The Board of Customs publishes a list of these countries and the authorities issuing certificates of origin.

Annex 5

HUNGARY

In Hungary tariff rates are fixed and modified by the Council of Ministers without any indication for expiry, or if rates are fixed for a definite period it can be made by the Minister for Foreign Trade and Minister of Finance with the approval of the President of the National Board of Materials and Prices (National Supply and Pricing Office).

Governmental regulation No. 48/1967./XI.19 paragraph 3*, pertaining to the above, is reproduced here:

1. The Minister for Foreign Trade and the Minister of Finance are empowered, by and with the approval of the National Supply and Pricing Office:
 - (a) to determine customs quotas;
 - (b) to decide which goods shall be eligible for concessions;
 - (c) to raise or reduce for specific periods the rates of customs duty set out in Columns I, II and III of the Trade Customs Tariff in respect of certain goods or to provisionally suspend such rates;
 - (d) to amend the texts of the subheadings of the Trade Customs Tariff and the relevant rates of customs duty for specific periods;
 - (e) to impose customs surcharges for specific periods.
2. The Minister for Foreign Trade is empowered, by and with the approval of the Minister of Finance, to stipulate to which countries the rates of customs duty set out in Columns I and II of the Trade Customs Tariff shall be applied.
3. The Minister of Finance is empowered, by and with the approval of the President of the National Supply and Pricing Office and of the Minister for Foreign Trade, to specify the amount of the Customs Sales Tax.

* Article 3, as issued in publication No. 192 (fifth edition) of the Brussels International Customs Tariffs Bureau, in English translated from the Hungarian Customs Tariff.

Annex 6

JAPAN

1. The Japanese customs tariff consists of four categories of duty rates, i.e. (i) general rates, (ii) temporary rates, (iii) GATT rates and (iv) preferential (GSP) rates.

The general rates, the temporary rates and the preferential (GSP) rates are introduced by national legislation, whereas the GATT rates are those provided for in conventions concluded with foreign countries.

2. The general rates are defined as the basic rates of duty which shall continue to be effective on a long-term basis unless circumstances change.

3. The temporary rates are introduced by the Diet for the validity period of one year in principle, as a temporary exception to the general rates, taking into consideration such policy factors as foreign trade, domestic industries as well as consumers including commodity price problems; these temporary rates are subject to the annual review by the Diet.

The temporary rate shall, when introduced, always supersede the general rate and, if the temporary rate is lower than the GATT rate, the former shall apply.

4. Since the GATT rates are the rates provided for in conventions concluded with foreign countries, they shall supersede the general rates or the temporary rates stipulated by national legislation. However, if the temporary rate or the general rate is lower than the GATT rate, the former shall apply.

5. The preferential (GSP) rates, unless suspended, shall have priority over any of the aforementioned rates.

Annex 7

NORWAY

1. The Norwegian Customs Tariff is based on the Brussels Nomenclature. The rates of duty as shown in the national sub-headings of the Tariff, are every year approved by the Parliament (The Storting) - as a rule on 1 January. At the same time The Storting gives the Directorate of Customs and Excise authority, (so-called Administrative Authority) to grant reductions or duty exemptions in respect of certain specified goods. A circular letter issued at the turn of the year, by the Directorate of Customs and Excise, covers the duty exemptions and reductions on the specified goods.
2. Regulations on Customs duty reductions and exemptions in respect of specified goods, may also appear in the Customs Tariff, in the form of notes under the respective chapters and headings. In addition, the following general regulations on duty reductions and duty exemptions are in force:
 - A. The Customs Department may authorize raw materials and auxiliary products for industry to be imported free of duty or at a lower duty than that provided for by the Tariff.
 - B. The Customs Department may authorize the importation at the rate of NKr 0.30 per kilogramme, of volatile ethers and esters falling within Chapter 29 and which, because they have been denatured or for another reason, are obviously unfit for use as beverages.
 - C. The Customs Department may, within the limits established by that Department, grant exemption from duty in respect of machines and apparatus and parts thereof, provided that articles of appreciably similar performance are not manufactured in Norway. The above Department shall decide what is to be considered as machines, etc. for the purpose of the aforementioned exemptions.
 - D. The Customs Department may, in certain cases, grant exemption from duty in respect of yarn, thread, cordage, ropes and plaited bands used for fishing, and in respect of fibres for spinning used in the manufacture of such goods.

Annex 8

SOUTH AFRICA

1. South Africa has a three-column customs tariff which makes provision for general, m.f.n. and preferential rates of duty. The general rates of duty are applicable to imports from those countries to which South Africa is not bound to grant m.f.n. treatment in terms of GATT or a bilateral agreement. The preferential rates of duty are applicable to imports from certain member countries of the British Commonwealth when these countries are specifically indicated in the preferential column.

2. The Minister of Finance may, by notice in the Government Gazette, amend the customs tariff -

- (a) in order to give effect to a trade agreement or the amendment of a trade agreement, including the General Agreement on Tariffs and Trade;
- (b) in order to give effect to a recommendation of the Board of Trade and Industries;

or

- (c) in order to give effect to an amendment to the Brussels Tariff Nomenclature.

Any such amendment of the customs tariff shall lapse unless subsequently approved by Parliament.

3. The Minister of Finance may also table in the House of Assembly proposals for the amendment of the customs tariffs. Such proposals have immediate effect, pending their approval by Parliament.

Annex 9

SPAIN

In Spain, tariff matters are regulated by the Tariff Act of 1 May 1960, published in the Official Gazette of 14 May 1960.

In pursuance of that Act, a Government Decree of 30 May 1960 gave approval to the customs tariff governing imports of goods into the Peninsula and the Balearic Islands.

As regards the procedure for modifying tariff rates, the above-mentioned Act of 1 May 1960, Article 6, fourth paragraph, empowers the Government to make partial modifications to the customs tariff, in accordance with the provisions of the latter.

In accordance with this authorization the procedure established by the above-mentioned provisions for modifying tariff rates is the following:

1. Public organizations and authorities and interested persons may formulate any appeals or requests that they consider appropriate in respect of the customs tariff by presenting them to the Ministry of Trade which has responsibility to deal with them. In addition, requests or proposals for modification may be made directly by the administration.
2. The advisory body to the Ministry of Trade is the Tariff Board which makes a preceptive recommendation on any proposal for tariff reform. The Board comprises representatives of various Ministries (External Affairs, Finance, Agriculture, Industry and Trade), the Syndical Organization, the Chambers of Commerce, Industry and Navigation, the Official Agrarian Syndical Chambers and the National College of Economists.

The work of the Board is assisted by subsidiary bodies, known as working parties, one for each section of the tariff; the production, consumption and trade sectors are directly represented in these.

3. Any modifications, whether of a definitive or temporary character, are approved by government decrees, on a proposal by the Ministry of Trade.

Apart from the above-mentioned authorization to make partial modifications to the tariff, the Government is also authorized, under Article 6, second paragraph of the Act, to suspend in full or in part the application of the corresponding customs duties for a period not exceeding three months in emergency circumstances of war, natural disaster, epidemic, or public calamity or to meet the needs of national supply.

Annex 10

SWEDEN

The Swedish Customs Tariff is based on the Brussels Tariff Nomenclature. For practical work it has been combined with a statistical schedule which exists only in the form of a general "working tariff" with 7-digit sub-headings (4 digits from the Brussels Tariff Nomenclature plus 3 digits forming the statistical schedule). In the Swedish Customs Tariff the same rate (m.f.n. rate) is applied to imports from all countries (not only GATT countries), unless an overriding measure specifies a lower rate.

Rates lower than the m.f.n. rates are applied in the following cases:

In accordance with paragraph 5 of the Swedish Customs Ordinance (1973:979) duty-free admission is granted to imports from all countries of certain goods of a kind not manufactured in Sweden or manufactured there in small quantities only (e.g. certain chemical products or certain machinery). Such goods are enumerated in a governmental proclamation (1974:417) with a validity of not more than two years.

For most goods imported from developing countries or from Bulgaria or Romania the rates under the GSP apply (which means duty-free admission into Sweden).

Goods originating in EFTA countries and covered by the EFTA Convention may be imported into Sweden free of duty.

Goods originating in EEC countries and covered by the free-trade agreement with EEC may be imported into Sweden at lower rates than the m.f.n. rates (on 1 January 1974, 60 per cent of the m.f.n. rates).