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INFORMATION MEMO

The Community's tariff policy is determined by several factors, among which are the EEC's intention to contribute to the harmonious development of world trade (Article 110 of the Rome Treaty), its desire to encourage the economic development of overseas countries, and its concern to see the Kennedy Round brought to a successful conclusion.

In the light of these objectives, the Community has, in recent months, made a series of non-discriminatory tariff cuts - under the trade agreement with Iran (1 December 1963), on items of which India is a big exporter (1 January 1964), on tea and tropical woods (1 January 1964), on exports from all non-member countries under the terms of the Convention of Association with the seventeen African States and Madagascar (the Yaoundé Convention, which entered into force on 1 June 1964), and under the agreement with Israel (1 July 1964).

Under the GATT most-favoured-nation clause, any such reductions must also be granted to all other countries trading with EEC countries in the items concerned. The goods affected by these tariff concessions total \$1 100 million in value, or one eighth of all EEC imports from the developing countries (\$8 816 million in 1963).

The trade agreement with Iran will encourage imports of high quality carpets, dried grapes, dried apricots and caviare. Total imports of these items from all non-member countries were worth \$77 million in 1963.

The main items for which the tariff cuts are of benefit to India are cashew nuts, certain spices, preserved ginger and castor oil. The items in sixteen tariff headings have been totally exempted from duty and the tariffs have been cut for four others. The total value of imports of the products in question was \$124 million in 1962.

The duties on tea (including maté) and tropical woods were suspended under an arrangement with the United Kingdom, which, on the EEC initiative, had undertaken to make the same concessions. Five headings were completely freed of duty and one other partially freed. In 1963 the import value of the items now benefiting from this agreement was \$166 million.

The tariff cuts made under the Yaoundé Convention are important in two ways. In the first place, all duties within the Community and between the Community countries and the associated countries have

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been abolished for the items concerned. In the second place, the common customs tariff, which the member countries have been applying in full vis-à-vis all non-member countries for these products since the entry into force of the Agreement, was at the same time appreciably reduced: 40% for coffee and cocoa, from 20 to 25% for desiccated coconut, pineapples, vanilla, nutmeg and cloves. In all, the duties on nine CCT headings were cut. In 1963 imports of these goods were worth \$738 million, \$198 million of which was accounted for by imports from the associated overseas territories and \$540 million by imports from other overseas countries.

The main tariff cuts under the trade agreement with Israel are on avocado pears, grapefruit and grapefruit juice, certain textiles, building materials and chemicals. Items in twenty-one headings were reduced, but generally only certain items in the heading and not the whole heading, so that the import value of these concessions cannot be stated in figures, since statistics are not available for parts of headings or sub-headings.

The following table gives an idea of the scale on which some of the items affected by the reductions are imported into the EEC:

	Tariff cuts for certain tropical products		Import value of certain tropical products in 1963 (in \$lm.)				
	Old rate %	New rate %	EEC	France	Benelux	Germany (FR)	Italy
Tea	18	duty free	26	3	10.5	10	2.5
Unroasted coffee	16	9.6	508	145	78	214	71
Cocoa beans, whole or broken	9	5.4	183	35	59	70	20
Tropical woods, in the rough	10	duty free	140	33	29	52	26

Most of these tariff cuts have been granted for specified periods. Under the trade agreements with Iran and Israel, the duties are cut for as long as the agreements are in force, which will be in the first place for three years, with the possibility of extension by mutual agreement. The reductions of special interest to India will be valid until the end of 1965. One of the EEC's objectives in the Kennedy Round is to bind all these tariff reductions or suspensions to the greatest possible extent.
