



WORLD CUSTOMS ORGANIZATION
ORGANISATION MONDIALE DES DOUANES

Established in 1952 as the Customs Co-operation Council
Créée en 1952 sous le nom de Conseil de coopération douanière

HARMONIZED SYSTEM
COMMITTEE

-
23rd Session

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(+Annexes I and II)
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Brussels, 22 April 1999.

ANNUAL SURVEY TO DETERMINE PERCENTAGE OF NATIONAL REVENUES

REPRESENTED BY CUSTOMS DUTIES

(Item III.6 on Agenda)

I. INTRODUCTION

1. Article 3 of the HS Convention, which concerns the obligations of the Contracting Parties (hereinafter referred to as "CPs"), states that CPs' Customs tariffs shall be in conformity with the Harmonized System.
2. Customs tariffs are, of course, intended primarily to levy Customs duties on traded goods. Customs duties are generally levied to collect revenue and/or to protect local industry. Protective tariffs are designed to shield domestic production from foreign competition by raising the price of imported commodities. Revenue tariffs are designed to obtain revenue. The two sets of objectives are not mutually exclusive. Protective tariffs, unless they are so high as to keep out imports, also yield revenue. Revenue tariffs give some protection to any domestic producer of the duty-bearing goods.
3. Classification work in individual CPs constitutes an operational aspect of duty collection, which may be as important as tariff policy formulation. The Secretariat believes that an annual survey to determine the percentage of national revenue represented by Customs duties would be meaningful and provide a better understanding of the significance of the classification work performed in CPs.

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II. SECRETARIAT SURVEY

4. This survey is based on information contained in publications issued by other international organizations, such as the IMF (International Monetary Fund) or the IBRD (International Bank for Reconstruction and Development/The World Bank) as well as data from administrations. Data are available with regard to 74 CPs*¹, including the EC.
5. Annex I to this document shows national revenue (A)*², Customs duties (B), import values (C), percentages of national revenues represented by Customs duties (B/A: B divided by A), average Customs duty rates (B/C: Customs duties divided by import value)*³ and other relevant information regarding the CPs.
6. With regard to EC Member States, the import values include those in respect of the internal trade between the Members. The figures shown for the EC itself reflect external trade only.
7. Figures 1 and 2 in Annex II show the share of Customs duties in terms of national revenue and the percentage distribution of CP groups with different levels of the share of Customs duties, respectively. In the case of almost one-fifth of the CPs surveyed (15 CPs), more than 25% of the national revenue comes from Customs duties. For nearly half of the CPs surveyed (35 CPs), over 10% of the national revenue is derived from Customs duties.
8. Figure 3 in Annex II shows the correlation between average Customs duty rates and the percentage of national revenue represented by Customs duties.
9. Figure 4 in Annex II shows the correlation between average Customs duty rates and GNP per capita*⁴. Several countries whose GNP per capita is over US\$30,000 are not included.
10. Based on Figure 4, no CPs where the GNP per capita in 1996 exceeded US\$5,000 had average Customs duty rates of more than 10%. Where the GNP per capita was US\$5,000 or less, 17 CPs maintained more than 10% average Customs duty rates. 5 CPs had average Customs duty rates of more than 20% (these were countries where the GNP per capita was US\$700 or less).

Notes *¹: Argentina, Australia, Austria, Belarus, Belgium, Botswana, Brazil, Bulgaria, Burkina Faso, Cameroon, Canada, China, Congo (Dem. Rep. of), Croatia, Cyprus, Czech Republic, Denmark, EC, Estonia, Ethiopia, Fiji, Finland, France, Germany, Greece, Guinea, Iceland, India, Indonesia, Iran, Ireland, Israel, Italy, Japan, Jordan, Kenya, Korea (Rep.), Latvia, Lebanon, Lesotho, Lithuania, Luxembourg, Madagascar, Malaysia, Malta, Mauritius, Mexico, Mongolia, Morocco, Myanmar, Netherlands, New Zealand, Norway, Pakistan, Panama, Peru, Poland, Portugal, Romania, Russia (Federation of), Rwanda, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Thailand, Tunisia, Turkey, United Kingdom, United States, Venezuela, Zambia, Zimbabwe.

*²: **National revenue** means tax revenue, which does not include social security contributions.

*³: **Average Customs duty rates** are defined as follows:

$$\text{Average Customs duty rates} = \frac{\text{Customs duties}}{\text{Total value of imports}}$$

*⁴: **GNP (gross national product) per capita** is a country's gross national product divided by its population.

III. SECRETARIAT COMMENTS

11. Figures 1 and 2 in Annex II to this document show that Customs duties still play a relatively important role with respect to revenue collection in many developing countries. Figure 3 shows that as the average Customs duty rate increases the share of Customs duties in national revenue also increases. Figure 4 shows an interesting correlation between the decrease in the average Customs duty rate and the increase in the GNP per capita.
12. In view of the foregoing, it can be seen that Customs tariffs continue to play an important part in the economies of developing countries. However, the role of tariffs in developed countries seems, on the whole, to be less significant. Nevertheless, the Secretariat is aware that even in many developed countries individual tariff rates remain important. For this reason, the Secretariat intends to publish a similar survey on an annual basis. The Secretariat would also note that there are a numerous of court cases on various classification problems in developed countries, which also show that Customs duties remain important as a means of protecting local industry. Consequently, the Secretariat would propose to undertake a survey of such court cases in the future.

IV. CONCLUSION

13. The Committee is requested to take note of the results of the Secretariat's survey and its plans for future surveys.

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ANNEX I

Contracting Party	GNP per capita '96 (US\$)	National Revenue (A)	Customs Duties (B)	Share of Customs Duties (B/A)	Import Value (C)	Average Customs Duty Rate (B/C)	Data Year	Currency
Algeria	1,520	-	-	-	188,406.00	-	1992	M.of Dinars
Argentina	8,380	20,782.80	1,596.10	7.68%	20,116.67	7.93%	1995	M.of Pesos
Australia	20,090	115,585.00	3,124.00	2.70%	82,930.00	3.77%	1996	M.of Dollars
Austria	28,110	459.45	6.27	1.36%	668.03	0.94%	1995	B.of Schillings
Bangladesh	260	-	-	-	276,590.00	-	1996	M.of Taka
Belarus	2,070	188,722.00	1,001.00	0.53%	52,425.00	1.91%	1992	M.of Rubles
Belgium	26,440	2,269.81	36.82	1.62%	4,192.00	0.88%	1994	B.of Francs
Botswana	-	2,198.70	829.40	37.72%	5,363.10	15.46%	1995	M.of Pula
Brazil	4,400	1,480.30	64.00	4.32%	892.12	7.17%	1993	M.of Reais
Bulgaria	1,190	111,632.00	12,438.00	11.14%	767,700.00	1.62%	1994	M.of Leva
Burkina Faso	230	68,857.00	3,039.00	4.41%	158,284.62	1.92%	1992	M.of Francs
Cameroon	610	389.58	105.75	27.14%	619.40	17.07%	1995	B.of Francs
Canada	19,020	107,601.00	3,575.00	3.32%	222,132.00	1.61%	1994	M.of Dollars
Central African Republic	310	-	-	-	86,900.00	-	1995	M.of Francs
Chad	160	-	-	-	109,720.00	-	1995	M.of Francs
China	750	512.69	33.00	6.44%	996.69	3.31%	1994	B.of Yuan
Congo (Dem. Rep. of)	130	184,000.00	71,000.00	38.59%	456,153.84	15.56%	1994	B.of New Zaires
Côte d'Ivoire	660	-	-	-	1,640.60	-	1996	B.of Francs
Croatia	3,800	28,727.42	3,964.70	13.80%	-	-	1996	M.of Kunas

Annex I to Doc. NC0013E1
(HSC/23/May 99)

Cuba	-	-	-	-	3,101.00	-	1996	M.of U.S.Dollars
Cyprus	-	841.39	101.40	12.05%	1,668.40	6.08%	1995	M.of Pounds
Czech Republic	4,740	282,188.00	19,676.00	6.97%	753,911.00	2.61%	1996	M.of Koruny
Denmark	32,100	335,485.69	2,120.46	0.63%	241,936.00	0.88%	1995p	M.of Kroner
EC	22,698	71,095.70	13,069.10	18.38%	581,500.00	2.25%	1996	M.of ECU
Estonia	3,080	10,611.20	0.50	0.00%	38,367.00	0.00%	1996	M.of Krooni
Ethiopia	100	2,230.10	703.50	31.55%	3,936.70	17.87%	1993	M.of Birr
Fiji	2,470	633.52	144.28	22.77%	1,359.48	10.61%	1996	M.of Dollars
Finland	23,240	132,129.17	1,042.57	0.79%	122,428.00	0.85%	1995	M.of Markkaa
France	26,270	1,733.28	8.81	0.51%	1,402.16	0.63%	1996	B.of Francs
Germany	28,870	545.58	7.16	1.31%	646.14	1.11%	1995p	B.of D.Mark
Greece	11,460	4,812.81	40.93	0.85%	5,207.60	0.79%	1994	B.of Drachmas
Guinea	560	321,213.00	43,964.00	13.69%	773,014.00	5.69%	1992	M.of Francs
Hungary	4,340	-	-	-	2,426.40	-	1996	B.of Forint
Iceland	26,580	103,751.00	1,737.00	1.67%	113,388.00	1.53%	1995	M.of Kronur
India	380	1,103.50	351.00	31.81%	1,220.00	28.77%	1995p	B.of Rupees
Indonesia	1,080	75,810.00	2,807.00	3.70%	103,945.53	2.70%	1996p	B.of Rupiah
Iran	-	15,074.00	3,490.00	23.15%	25,036.00	13.94%	1996	B.of Rials
Ireland	17,110	11,144.29	815.64	7.32%	17,283.00	4.72%	1994	M.of Pounds
Israel	15,870	92,006.00	523.00	0.57%	50,667.00	1.03%	1996p	M.of New Sheqalim
Italy	19,880	498,090.70	1,008.81	0.20%	319,397.00	0.32%	1996	B.of Lire
Japan	40,940	54,963.00	1,037.00	1.89%	32,950.00	3.15%	1995	B.of Yen
Jordan	1,650	976.40	318.70	32.64%	2,590.40	12.30%	1995	M.of Dinars

Annex I to Doc. NC0013E1
(HSC/23/May 99)

Kenya	320	81,112.00	14,061.00	17.34%	117,030.00	12.01%	1994	M.of Shillings
Korea (Rep.)	10,610	64,961.00	5,309.00	8.17%	120,940.21	4.39%	1996	B.of Won
Latvia	2,300	434.08	18.65	4.30%	1,275.00	1.46%	1996	M.of Lats
Lebanon	2,970	2,100.16	1,320.00	62.85%	11,801.04	11.19%	1995	B.of Pounds
Lesotho	660	1,098,882.00	747,331.00	68.01%	3,354,000.00	22.28%	1993	T.of Maloti
Libyan Arab Jamahiriya	-	-	-	-	1,505.00	-	1991	M.of Dinars
Lithuania	2,280	4,618.60	214.50	4.64%	17,618.00	1.22%	1996	M.of Litai
Luxembourg	45,360	160,059.32	845.29	0.53%	287,300.00	0.29%	1995	M.of Francs
Macedonia (Former Yugoslav Rep.)	990	-	-	-	1,832.00	-	1996	M.of U.S.Dollars
Madagascar	250	1,374.20	731.60	53.24%	2,056.11	35.58%	1996	B.of Francs
Malawi	180	-	-	-	7,255.00	-	1995	M.of Kwacha
Malaysia	4,370	49,364.00	6,132.00	12.42%	197,305.00	3.11%	1996p	M.of Ringgit
Mali	240	-	-	-	378.28	-	1996	B.of Francs
Malta	-	205.85	66.41	32.26%	918.80	7.23%	1994	M.of Liri
Mauritius	3,710	11,180.10	4,978.50	44.53%	35,290.00	14.11%	1995	M.of Rupees
Mexico	3,670	196,003.00	11,145.00	5.69%	296,891.00	3.75%	1995	M.of New Pesos
Mongolia	360	70,864.00	13,917.00	19.64%	240,473.40	5.79%	1996p	M.of Tugriks
Morocco	1,290	59,440.00	12,268.00	20.64%	62,804.00	19.53%	1992	M.of Dirhams
Myanmar	-	22,644.00	4,683.00	20.68%	8,375.30	55.91%	1995	M.of Kyats
Netherlands	25,940	171.47	3.37	1.96%	304.56	1.11%	1996	B.of Guilders
New Zealand	15,720	31,110.00	834.00	2.68%	21,354.70	3.91%	1996	M.of Dollars
Niger	200	-	-	-	125,073.00	-	1996	M.of Francs

Annex I to Doc. NC0013E1
(HSC/23/May 99)

Nigeria	240	-	-	-	656,572.00	-	1995	M.of Naira
Norway	34,510	217,362.00	2,728.00	1.26%	208,627.00	1.31%	1995	M.of Kroner
Pakistan	480	208,213.00	68,000.00	32.66%	257,749.00	26.38%	1994	M.of Rupees
Panama	3,080	961.30	194.10	20.19%	2,404.10	8.07%	1994	M.of Balboas
Peru	2,420	18,869.00	2,199.00	11.65%	23,235.55	9.46%	1996	M.of New Soles
Poland	3,230	91,533.00	9,435.00	10.31%	100,231.00	9.41%	1996	M.of Zlotys
Portugal	10,160	3,660.91	25.20	0.69%	4,882.60	0.52%	1995	B.of Escudos
Romania	1,600	8,853.23	648.94	7.33%	11,766.03	5.52%	1994	B.of Lei
Russia (Federation of)	2,410	188,073.00	9,048.00	4.81%	277,716.04	3.26%	1995p	B.of Rubles
Rwanda	190	24,590.00	7,041.00	28.63%	38,263.00	18.40%	1992p	M.of Francs
Saudi Arabia	-	-	-	-	105.20	-	1995	B.of Riyals
Senegal	570	-	-	-	707.30	-	1996	B.of Francs
Slovakia	3,410	-	-	-	350,847.00	-	1996	M.of Koruny
Slovenia	9,240	-	-	-	9,399.00	-	1996	M.of US Dollars
South Africa	3,520	123,602.00	2,455.00	1.99%	113,188.00	2.17%	1995p	M.of Rand
Spain	14,350	11,491.31	83.51	0.73%	12,306.30	0.68%	1994	B.of Pesetas
Sri Lanka	740	130,202.00	25,485.00	19.57%	299,427.00	8.51%	1996p	M.of Rupees
Sudan	-	-	-	-	1,418.00	-	1996	M.of U.S.Dollars
Swaziland	1,210	-	-	-	4,606.70	-	1996	M.of Emalangeni
Sweden	25,710	377.06	6.56	1.74%	446.60	1.47%	1996	B.of Kronor
Switzerland	44,350	32,534.00	5,472.00	16.82%	90,775.00	6.03%	1995	M.of Francs
Thailand	2,960	779,385.00	126,253.00	16.20%	1,857,630.00	6.80%	1996p	M.of Baht
Togo	300	-	-	-	206,564.00	-	1996	M.of Francs

Tunisia	1,930	3,782.30	1,411.70	37.32%	7,542.70	18.72%	1996	M.of Dinars
Turkey	2,830	2,245,290.00	63,286.00	2.82%	3,538,268.33	1.79%	1996	B.of Liras
Uganda	300	-	-	-	1,247,379.00	-	1996	M.of Shillings
United Kingdom	19,600	198,508.58	2,392.21	1.21%	168,055.00	1.42%	1995	M.of Pounds
United States	28,020	918.23	18.78	2.05%	802.52	2.34%	1996	B.of Dollars
Venezuela	3,020	3,975,702.00	397,952.00	10.01%	4,179,900.00	9.52%	1996	M.of Bolivares
Vietnam	290	-	-	-	13,668.00	-	1996	M.of U.S.Dollars
Zambia	360	421.90	161.90	38.37%	671.00	24.13%	1994	B.of Kwacha
Zimbabwe	610	8,751.70	1,827.70	20.88%	11,798.40	15.49%	1993	M.of Dollars

Note: The reference sources for the original data concerning national revenues, GNP per capita and values of imports are as follows:

- "Government Finance Statistics Yearbook 1997", the International Monetary Fund
- "International Financial Statistics Yearbook 1997", the International Monetary Fund
- "The World Bank Atlas 1998", the International Bank for Reconstruction and Development/The World Bank
- "Direction of Trade Statistics Yearbook 1997", the International Monetary Fund
- "Official Journal of the European Communities (96/C348) Annual Report concerning the Financial Year 1996 together with the Institutions' Replies", the European Communities
- "EUROSTAT/2/1998", Statistical Office of the European Communities

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ANNEX II

Figure 1. *Share of Customs Duties in National Revenue*

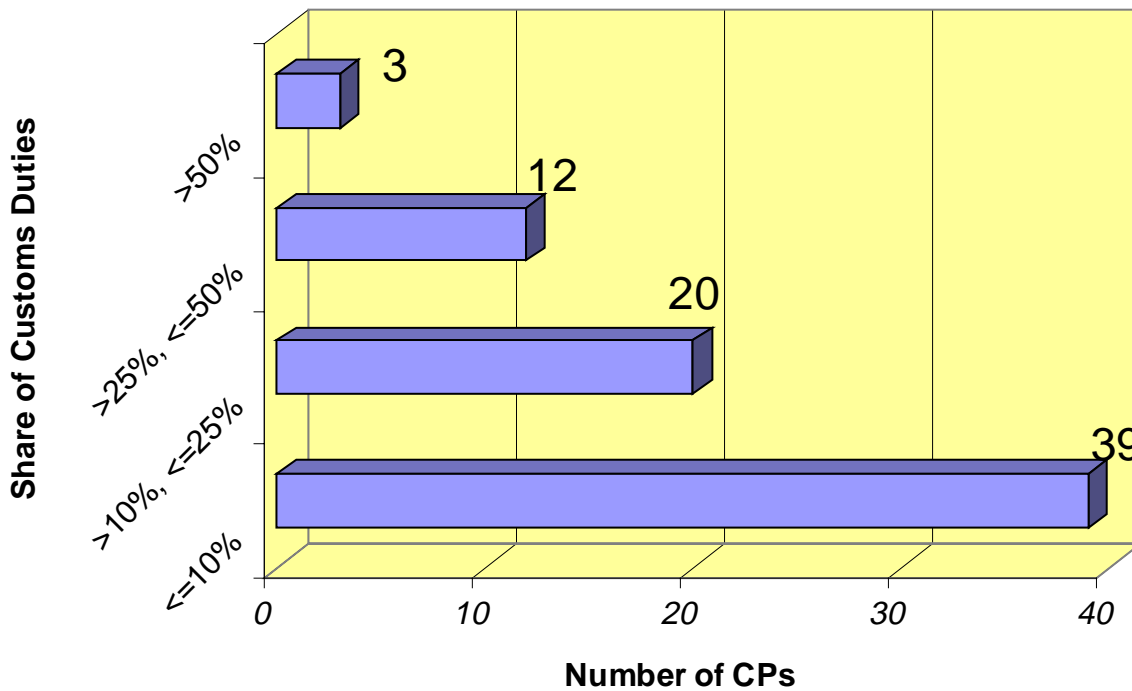


Figure 2. *Percentage Distributions of CP Groups with Different Levels of the Share of Customs Duties*

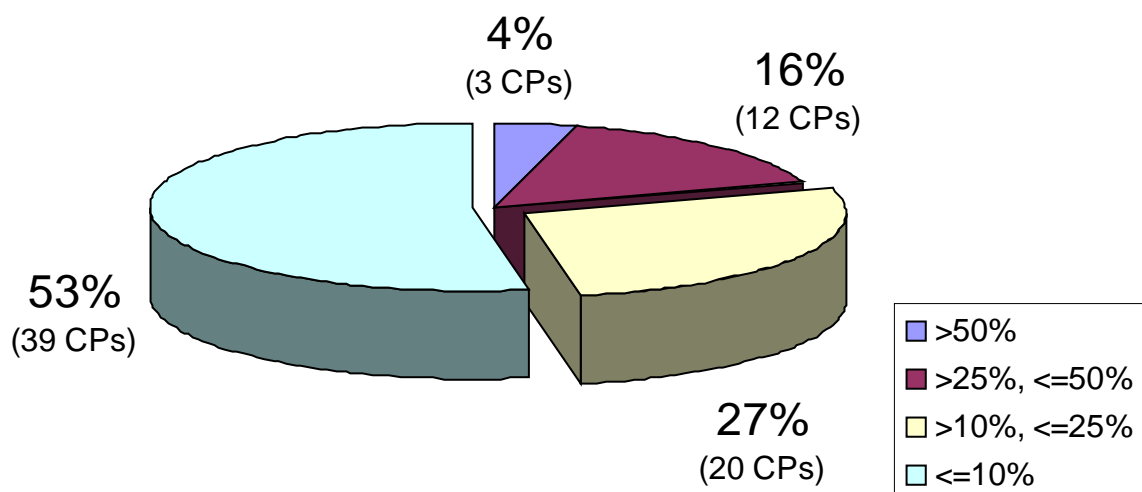


Figure 3. Correlation between Customs Duty Rates and the Share of Customs Duties in National Revenue

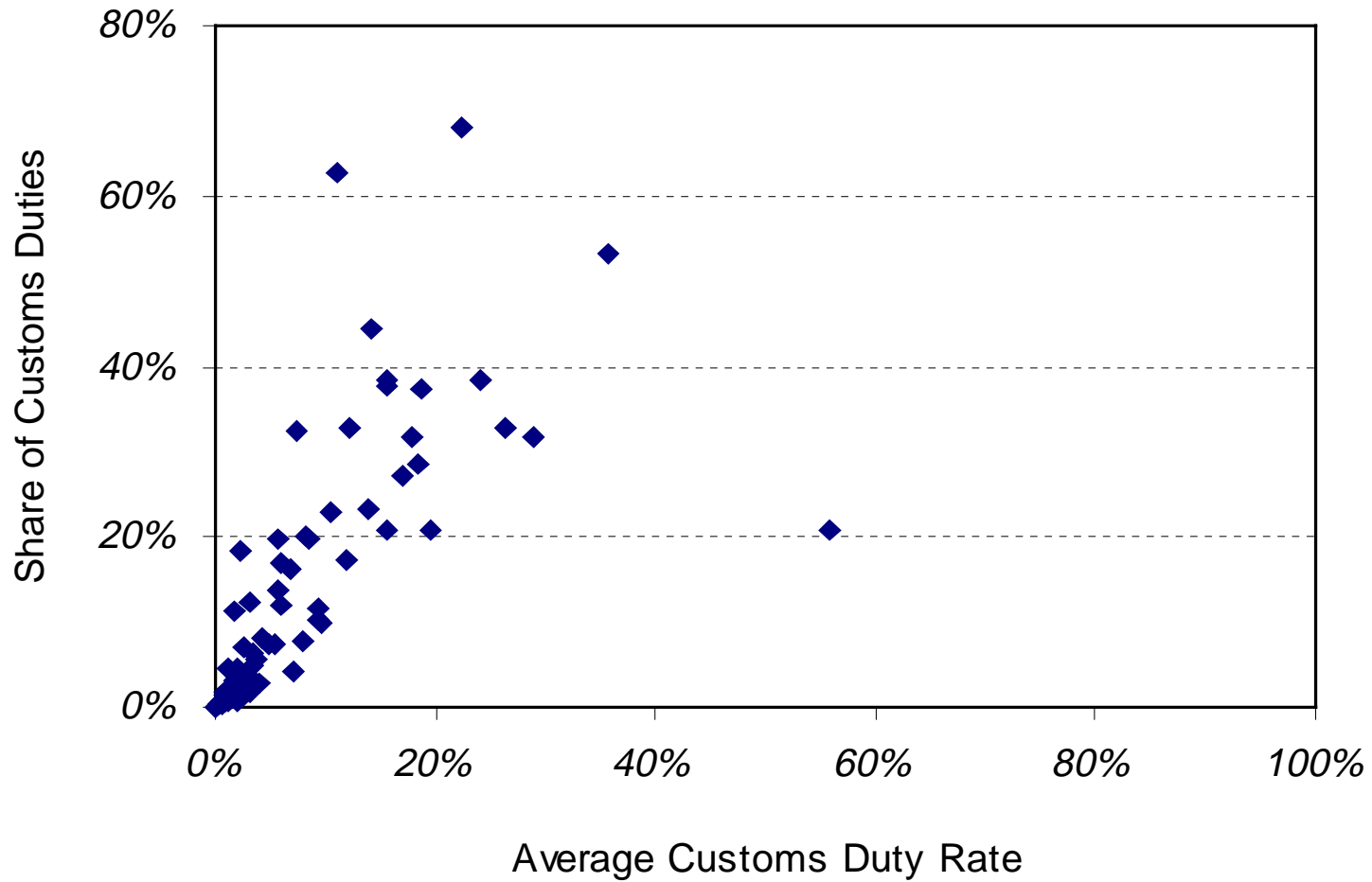


Figure 4. *Correlation between Customs Duty Rates and GNP per capita*

