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**ANALYSIS OF NON-TARIFF MEASURES: THE CASE OF EXPORT DUTIES**

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## ANALYSIS OF NON-TARIFF MEASURES: THE CASE OF EXPORT DUTIES

### EXECUTIVE SUMMARY

This paper analyses export duties as part of the Trade Committee's on-going project on non-tariff measures, which aims at examining particular types of measures and deepening the understanding of the nature and effects of the measures.

Export duties have been mentioned several times in communications to the Negotiating Group on Market Access for Non-Agricultural Products. Furthermore, they are currently one of the topics being discussed in the context of the implementation of Chinese WTO accession, as well as in the Working Party on the WTO accession of Russia. They are also raised as one of issues of export competition in the negotiations at the special session of the Committee of Agriculture.

With respect to terminology, this paper draws no distinction between "export duties" and "export taxes." In keeping with generally observed usage, both are used here in the sense of (customs) duties on export.

WTO disciplines on export duties are not clearly defined and currently no member assumes obligations for scheduling and notification of export duties under the WTO. Meanwhile, it may be noted that more and more bilateral and regional trade agreements introduce disciplines to prohibit export duties and that the recent WTO accession process has led to certain concessions in this regard. The example of China's accession is suggestive in this sense, since export duties were scheduled as part of the commitment.

Certain trends concerning the use of export duties can be identified from a review of the WTO's Trade Policy Review country reports. These are *inter alia*: Export duties are introduced mainly by developing and least developed countries; Outstanding examples of items subject to export duties are forestry products, fishery products, mineral and metal products, leather and hide and skin products, and various agricultural products; The two main reasons for imposing export duties are 1) fiscal receipts or revenue and 2) promotion of downstream processing industries; Another alleged reason is environmental protection or preservation of natural resources or products; There is a growing tendency to abolish export duties notably in bilateral and regional contexts, reflecting a recognition of their trade distortive effects. Detailed explanations of these issues and other outstanding points are described in this paper.

Observations are also included on aspects of possible rule-making on export duties in the context of the on-going process of the Doha Development Agenda. Finally, the suggestion is put forward that it would be useful to undertake a wider analysis of export restrictions under the NTM project, as a further background contribution to the DDA.

## I. Introduction

1. Since the creation of the Negotiating Group on Market Access for Non-Agricultural Products earlier this year, countries have communicated their thoughts about the scope and modalities of the future negotiations, *inter alia* in the non-tariff field. Export duties have been mentioned several times in these communications; furthermore, they are currently one of the topics being discussed in the context of the implementation of Chinese WTO accession, as well as in the Working Party on the WTO accession of Russia. Export duties are also raised as one of issues of export competition in the negotiations at the special session of the Committee of Agriculture.

2. Export duties are principally imposed for fiscal reasons or taken as means to restrict exports of particular product in order to reserve the domestic supply for local industries. They resemble import tariffs in that their primary effect is on the price of traded goods. However, this price effect generally impacts also on trade volumes, which contributes to the tendency to discuss export duties under the category of export restrictions. Export duties appear to be used only rarely, although there have been cases in a relatively large number of countries.

3. WTO disciplines on export duties are not clearly defined. On the other hand, quite a number of regional trade agreements contain provisions prohibiting such measures.

4. Against this background, this survey paper overviews the current situation. It begins by clarifying the definition of export duties. Then it examines existing disciplines on export duties in the WTO in detail. It also examines current trends with respect to disciplines at the regional level and in the WTO accession process. Finally, it analyses factual information on products subject to such duties based upon Trade Policy Review reports and describes key findings from them, including trade and economic implications to the extent possible. This paper thus aims to be a factual guide and to provide observations to support the process of market access negotiations on non-agricultural products as well as negotiations on agriculture. It could also contribute to other relevant aspects of the WTO process.

## II. Definition

5. Definition of the term export duties is the first challenge. In keeping with generally observed usage, this paper makes **no distinction between the terms “export duties” and “export taxes.”** Both are used here in the sense of **(customs) duties on export.** This does not include tax credit on exports, which might be well discussed as export subsidies in the context of the Agreement on Subsidies and Countervailing Measures. A variety of similar or complementary terms also exist, such as export tariffs, export fees, export charges, and export levies. However, this paper prefers “export duties” or “export taxes” to the others. In order to elaborate this point, the usage in various sources is shown in **Table 1.**

**Table 1. Examples of usage of terminology for export duties**

-export duties	Article VIII of GATT (exclusion of application), TPR reports, <i>GATT analytical index</i>
-customs duties on exportation	Article I of GATT, EU-Mexico FTA
-duties on exportation	Article XI of GATT (exclusion of application), Article VII of GATT (customs valuation)
-export taxes	Indicative List annexed to Decision on Notification Procedures, NAFTA, TPR reports, <sup>1</sup> <i>GATT Analytical Index, A Case Book Intenational Economic Relations</i>
-taxes on exportation	Article XI of GATT (exclusion of application)
-export charges	Article VIII (all charges) of GATT, TPR reports
-customs charges on exportation	Article I of GATT
-charges on exportation	Article XI of GATT (exclusion of application)
-export fees	Article VIII of GATT (all fees)
-export tariffs	<i>The Dictionary of Trade Policy Terms</i>
-export levies	APEC Osaka Action Agenda/Individual Action Plans

6. The issue also arises whether export duties should be considered a tariff or a non-tariff measure. In the Doha Declaration of 2001, paragraph 16 on market access for non-agricultural products states that negotiations aim to reduce or as appropriate eliminate tariffs as well as non-tariff barriers. In discussions on the organisation of these negotiations, the definition of the scope of non-tariff barriers to be included has been a primary concern, while for tariffs (particularly reduction of import tariffs), the coverage and issues for discussion have been well defined. Export duties are sometimes equated to tariffs (and even called export tariffs), perhaps reflecting the fact that they are normally levied by customs, in a manner similar to import tariffs.<sup>2</sup> For example, the EU-Mexico Free Trade Agreement puts “customs duties on exports” in the chapter of customs duties, rather than in the chapter of “non tariff measures.”

7. However, the GATT and a number of regional agreements tend to consider export duties as non-tariff measures. The “Indicative list of notifiable measures” annexed to the Decision on Notification Procedures adopted at the conclusion of the Uruguay Round put “export taxes” in the category of non-tariff measures. The NAFTA, moreover, puts “export taxes” in the section “Non-Tariff Measures.” A well-known case book uses “export taxes” in the chapter; “export controls under the GATT and national law.”<sup>3</sup>

8. A further issue is the relation of export duties to fees and formalities. Export duties are explicitly excluded from the application of **Article VIII (a)** of the GATT 1994, which addresses fees and formalities, prohibiting fees and other charges rendered in connection with exportation (or importation) that exceeds

<sup>1</sup> TPR reports use various terms: export taxes, export duties, export charges and so on. But the usage of export taxes seems to prevail.

<sup>2</sup> *The Dictionary of Trade Policy Terms* defines “export tariffs” as “a levy on goods or commodities at the time they leave the national customs territory.” Walter Goode, Centre for International Economic Studies, University of Adelaide 1998

<sup>3</sup> John H. Jackson, William J. Davey, Alan O. Skyes, Jr. *Legal Problems of International Economic Relations, Cases, Materials, and Text, Third Edition 1995*

the costs of the service rendered. It stipulates that fees and other charges shall not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes. It applies to all fees and formalities whatever character, but it explicitly states that “export duty” is excluded from the application. Therefore a distinction should be drawn between export duties and fees or charges, even though in specific cases the substance of the measures might be similar.<sup>4</sup>

### III. Current disciplines in the WTO

#### A. Schedules

9. In launching the Uruguay Round in 1986, the Declaration of Punta del Este stated that “Negotiations shall aim to reduce or eliminate non-tariff measures, including quantitative restrictions, without prejudice to any action to be taken in fulfilment of the rollback commitments.” By the end of the negotiations, thirteen agreements in Annex 1A of Multilateral Agreements on Trade in Goods (including GATT 1994) dealt with certain aspects of non-tariff measures.

10. Furthermore, **the Marrakesh Protocol to the General Agreement on Tariffs and Trade 1994**, in its paragraph 6, created a mechanism for scheduling non tariff measures; “In case of modification or withdrawal of concessions relating to **non-tariff measures** as contained in Part III of the schedules, the provisions of Article XXVIII of GATT 1994...shall apply.” Article II:1 (a) of the GATT 1994 assumes that each member will concede measures on an MFN basis in an appropriate Part of the schedules (in the case of NTM: Part III). However, since there was **no definition of non-tariff measures** here, this scheduling mechanism has not been used except for rare examples of import licensing and no country has assumed the obligation of scheduling on export duties in the Part III of its schedule.

11. With regard to import, Article II:1 (b) of the GATT 1994 prohibits all import duties other than ordinary customs duties on products bound in Schedules of Concessions. In contrast, while the **MFN principle explicitly applies to export duties by Article I of the GATT 1994**, and Article VIII of the GATT 1994 is also relevant to export duties, **no provisions require specifically a binding obligation of export duties** like import duties. (Nevertheless, as noted above, Article II:1 (a) of the GATT 1994 does not exclude this possibility.)

#### B. Notifications

12. Even without a definition or an obligation to schedule export duties, the Decisions at Marrakesh include a Notification Procedure that has an indicative list of notifiable measures, which includes “Export

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<sup>4</sup> It may also be noted that the term “export levies” is used, for example, in APEC Individual Action Plans, but it does not include any definition and it is noted that notifications of export levies under IAPs are too various to decide the nature as discussed below. While distinction between export tax or duty and export fee, charge, or levy seems to be easier, the difference between tax and duty is not recognized under the current regime. *The Black Law Dictionary* states that “customs duties” are “taxes on the importation and exportation of commodities, merchandise and other goods.” They include “export taxes as well.” *GATT Analytica Index* also seems to use both terms as the same meaning. It seems that in the context of analysis on the national treatment of internal taxation, the word “tax” is preferred, and in the other context of customs related matters, “duty” is used, but in any event, the export duties and export taxes are the same substance and meaning in the current trade regimes as above. In this basis, for analytical purpose, this paper uses the term export duties as the same meaning as export taxes.

taxes.”<sup>5</sup> However a note to this indicative list states that the list does not alter existing notification requirements in the Multilateral Trade Agreements in Annex 1A to the WTO Agreement or, where applicable, the Plurilateral Trade Agreements in Annex 4 of the WTO Agreement. Moreover, it does not specify the procedures for notification of possible measures beyond the existing requirements. Therefore, in any event, even though the export taxes are notifiable measures, the actual disciplines of notification on export duties depend on the substantive provisions of agreements in Annex 1A or related WTO decisions.

13. After the Uruguay Round, a decision by the Council for Trade in Goods in 1995 created procedures on biennial notification of quantitative restrictions.<sup>6</sup> The format of the notification does not include export duties or taxes, seeming to reflect current disciplines on Article XI and relevant provisions which exclude export duties from the application. The other decision by the CTG in 1995 established so called reverse notification procedures to allow Members to indicate specific non tariff measures of other Members for transparency purpose, but this process has rarely been used by Members.<sup>7</sup> Therefore, **no decisions specifically entail a notification obligation of export duties.**

### C. *Other relevant WTO provisions*

14. **Article XI of the GATT 1994** deals with general elimination of quantitative restrictions, but it states that “No prohibitions or restrictions **other than duties, taxes** or other charges...shall be instituted or maintained...” Therefore, **export duties are in principle not subject to Article XI**, though the nature of export duties might include export restrictions as discussed below. Indeed, it may be noted that questions would remain whether prohibitive high export duties or combined schemes of export duties together with the other restrictions could be subject to Article XI. In these cases, at issue would be whether justifications are invoked such as **Article XI:2 (a) (critical shortage of foodstuffs<sup>8</sup>)**, **Article XX (General Exceptions<sup>9</sup>)** and **Article XXI (Security Exceptions).**<sup>10</sup>

<sup>5</sup> Notifiable measures; Tariffs (including range and scope of bindings, GSP provisions, rates applied to members of free-trade areas/customs unions, other preferences), Tariff quotas and surcharges, Quantitative restrictions, including voluntary export restraints and orderly marketing arrangements affecting imports, Other non-tariff measures such as licensing and mixing requirements; variable levies, Custom valuation, Rules of origin, Government procurement, Technical barriers, Safeguard actions, Anti-dumping actions, Countervailing actions, **Export taxes**, Export subsidies, tax exemptions and concessionary export financing, Free-trade zones, including in-bond manufacturing, Export restrictions, including voluntary export restraints and orderly marketing arrangements, Other government assistance, including subsidies, tax exemptions, Role of state-trading enterprise, Foreign exchange controls related to imports and exports, Government-mandated countertrade, Any other measure covered by the Multilateral Trade Agreements in ANNEX 1A to the WTO Agreement. (Ministerial Decision on Notification Procedures adopted by the Trade Negotiating Committee on 15 December 1993)

<sup>6</sup> G/L/59 “Members shall make complete notification of the quantitative restrictions which they maintain by 31 January 1996 and at two-yearly intervals thereafter...”

<sup>7</sup> G/L/60 Decision on Reverse Notification of Non-Tariff Measures. Note that this decision terminated the old inventory on Non-Tariff Measures created in 1968 (which also include export taxes as one of measures) and the decision let the new inventory open to Members, but the reverse notification by Members has rarely been used so far. WTO “Table of Contents of the Inventory of Non-Tariff Measures” TN/MA/S/5

<sup>8</sup> Article 12 of Agreement on Agriculture (Disciplines on Export Prohibitions and Restrictions) stipulates the detail when this exception is to be applied. So called food security issue is relevant to this argument.

<sup>9</sup> For example, (g) relating to the conservation of exhaustible natural resources if such measure are made effective in conjunction with restrictions on domestic production or consumption; (i) involving restrictions on exports of domestic materials necessary to ensure essential quantities of such materials to a domestic processing industry during periods when the domestic price of such materials is held below the world price as part of a governmental

15. **Article X of the GATT 1994** requires a party in essence: 1) to publish its trade-related laws, regulations, rulings and agreements in prompt and accessible manner; 2) to abstain from enforcing measures of general application prior to their publication; and 3) to administer the above mentioned laws, regulations, rulings and agreements in a uniform, impartial and reasonable manner. The paramount objective of this article is transparency. In the context of disciplines of export duties, it is clear that **the general rule of transparency is applied (e.g. publication of regulations on export duties) but no more than that; no obligation of notification.**

16. In sum, it is clear that there are almost no disciplines on export duties except the MFN principle under Article I of GATT 1994 and the general transparency requirement (e.g. publication of regulations) under the Article X of the GATT 1994. No country assumes the scheduling and notification of export duties, in contrast to the strict scheduling of import duties.<sup>11</sup> Probably the Accession and the TPR process are the only practical WTO sources for revealing information about the nature and application of export duties.

#### IV. Other international organisations/Regional and Bilateral Disciplines

17. Before analysing the TPR reports, it is useful to consider how other forums deal with NTM and export duties. UNCTAD has been quite active to tackle non-tariff measures and it has the Coding System of Trade Control Measures. However, it does not specify export duties or export taxes. With regard to IMF, export duties are an element of export restrictions which are relevant to the Balance of Payment Provisions of the WTO to which the IMF is a party, but export duties themselves have been only rarely discussed. A more relevant mechanism for disciplining export duties is the IMF's support program with conditionality. Indeed, trade liberalisation to improve economic performance is one of elements in the IMF fund supported programs and the use of structural conditions as reduction or elimination of NTM are outstanding. A notable recent example is Indonesia's case after the Asian Financial Crisis. Indonesia's

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stabilization plan; *Provided* that such restrictions shall not operate to increase the exports of or the protection afforded to such domestic industry, and shall not depart from the provisions of this Agreement relating to non-discrimination; (j) essential to the acquisition or distribution of products in general or local short supply; *Provided* that any such measures shall be consistent with the principle that all contracting parties are entitled to an equitable share of the international supply of such products, and that any such measures, which are inconsistent with the other provisions of the Agreement shall be discontinued as soon as the conditions giving rise to them have ceased to exist...

<sup>10</sup> With regard to the applicability of Agreement of Subsidies and Countervailing Measures, at issue is, *inter alia*, whether the measure is "subsidy" for the ASCM Article 1. There is an outstanding argument as below that export duties on raw materials are de fact subsidy to the domestic processing industry because they enable the industry to obtain low cost raw materials. A subsidy under the Article 1 of the ASCM agreements only exists if: a) a financial contribution is provided *and* b) the contribution is made by a government or public body *and* c) that contribution confers a benefit. It seems that export duties per se has not been challenged under the ASCM/WTO so far, but in any event, the interpretation is beyond the scope of this paper. Furthermore, for example in the case of new drastic introduction of export duties, arguably the concept of non-violation nullification and impairment based on Article XXIII of GATT 1994 may provide a basis of challenging the measures that fundamentally undermine bargained other concessions. Again the interpretation is not the objective of this paper and here for reference, these issues are introduced in connection to these measures, export duties.

<sup>11</sup> One exceptional case is the notification by Slovenia on export taxes as the pre-existing measures subject to elimination under Article 11.1 of the Agreement of Safeguard (G/L/338), so called "grey measures" subject to elimination. According to this, Slovenia eliminated special export taxes on certain items such as wood, non-ferrous metals in 1997 and 1998.

government scheduled elimination or reduction of export duties based upon the letter of Intent to the IMF, in keeping with the requirements of conditionality.

18. **APEC** has been keen to deal with NTM with a view to achieving its Bogor goal of free and open trade and investment in the Asia-Pacific region by 2010 for industrialised economies and 2020 for developing economies. The Osaka Action Agenda aiming at implementing this goal includes a section on Non-Tariff Measures saying that APEC economies will achieve free and open trade by *inter alia* “progressively reducing non-tariff measures.” The Individual Action Plans for each member economy explain current situations, in a format that includes “export levies.”<sup>12</sup> In spite of the transparency provided by the E-IAP initiative, the quality of information available is in fact various. For example, while Mexico in its 2002 IAP states in the column for export levies that “export taxes on sugar and corn flour have been eliminated,” this column for China, Malaysia and Russia is empty. Chinese Taipei rather declares its fees under GATT Article VIII in this column. Philippine and Thailand state that they do not impose export levies, in contrast to the TPR reports on their export taxes, as mentioned below. It seems that the issue of export levies has not been given much attention in the APEC process. **(Table 2)**

**Table 2. Export levies in APEC Individual Action Plans in 2002**

No export levies	13 economies out of 21
Descriptions of measures	5 economies (Canada <sup>13</sup> ; Indonesia; Papua New Guinea; Chinese Taipei; Viet Nam)
The column is empty	3 economies (China; Malaysia; Russia)

Note: There is no definition of export levies in the IAPs. Notification is based upon each economy's own judgement.

19. In some **regional trade agreements**, in contrast to the WTO and other forums, disciplines on export duties are quite clear. There are many RTAs that prohibit export duties. For instance, NAFTA, EU-Mexico, ANZCER, JSEPA all prohibit export duties.<sup>14</sup> **(Table 3)** The growing tendency in Europe and the Western Hemisphere to restrict export duties had been well recognised in bilateral contexts as well as in regional trade agreements.<sup>15</sup> In the coming FTAA, the currently available draft would prohibit export

<sup>12</sup> The Individual Action Plans for each APEC economy is on the web as E-IAP at <http://www.apec-iap.org/>

<sup>13</sup> Canada declares: “As part of a comprehensive strategy to improve the health of Canadians by reducing tobacco consumption, Canada introduced a tobacco tax structure in April 2001 to reduce the incentive to smuggle Canadian-produced tobacco products back into Canada from export markets - the main source of contraband in the past. The main element of this tax structure is an export tax on Canadian tobacco products. This measure is fully compliant with Canada's WTO commitments.”

<sup>14</sup> Article 314 of NAFTA imposed a prohibition on export taxes, subject to a Mexican exception for basic foods set out in annex 314. Under the GATT, export restrictions may be imposed in situations of short supply, for the conservation of natural resources where domestic production or consumption is also constrained, or in conjunction with domestic price stabilization programs.

<sup>15</sup> An historical example is the case of leather in Argentina. A dispute regarding Argentina's export restrictions on leather began with the US contention that the measures were trade distortive, resulting in the introduction of export duties as an alternative measure in 1979. However, because the export duties had a similar effect the export restriction, the US and EU raised the issues in 1990s. They argued that export restrictive measures including export duties made it difficult for foreign processors to obtain sources of raw bovine hides and gave advantage to Argentine domestic processors.

duties.<sup>16</sup> Meanwhile, the EU and Mexico, on the occasion of their free trade agreement, declared in addition to the prohibition of export duties that “Within the context of the multilateral negotiations, both Parties shall seek to establish disciplines for the elimination of export taxes or restrictions that operate to increase the exports of, or the protection afforded to, domestic industries, such as leather.”<sup>17 18</sup>

**Table 3. Examples of disciplines of export duties in selected RTA**

NAFTA	Prohibited. (A Mexican exception exists for basic foods in short supply)
Canada-Chile	Prohibited.
Canada-Costa Rica	Prohibited. (Costa Rica’s exception for bananas)
Mercosur	Prohibited.
Caricom	Prohibited.
EU	Prohibited
EFTA	Prohibited
EU-Mexico	Prohibited.
ANZCER (Australia-NZ)	Prohibited.
JSEPA (Japan-Singapore)	Prohibited.

## V. WTO Accession

20. Since the creation of WTO, the accession process has provided some disciplines on export duties (**Table 4**). Notably in the case of China, 84 specific items have been scheduled, with the commitment to eliminate all export duties except on these items. The schedule indicates the rate of bound export duties.<sup>19</sup> Export duties are one of the topics in the recent discussion on Russia’s accession, too.<sup>20</sup>

<sup>16</sup> For example, the US indicates its interest on export duties, by describing its position on FTAA negotiation which is to “eliminate discriminatory export taxes.” USTR <http://www.ustr.gov/> Also, the OAS provides information about this. <http://www.sice.oas.org/>

<sup>17</sup> EC <http://europa.eu.int/>, Joint Declaration VI NO. 4104.

<sup>18</sup> The other example of sectoral approach is the Agreement on Partnership and Co-operation between EC and Russian Federation (PCA). In the context of steel agreement under the PCA, export duties on ferrous waste and scrap were prohibited. As an implementation of the agreement, in response to Russia’s introduction of export taxes on ferrous scrap in breach of above agreement, EC was to take countermeasures. EC <http://europa.eu.int/>

<sup>19</sup> EC has made inquiry to China of its implementation of this commitment in the China’s Transitional Review Mechanism. (G/MA/W/33)

<sup>20</sup> In the accession process of Russia, export duties on minerals, petrochemicals, natural gas, raw hides and skins, ferrous and non-ferrous metals and scraps, etc. are discussed. Members argue that in the case of dominant supplier in Russia, third country buyers would suffer from increased cost because of high price of the product cost and encounter the insufficient supply of the goods. They point out that the loss of relative competitiveness in the global market for downstream products vis-à-vis Russian products should be taken into account.

**Table 4. Examples of disciplines undertaken at the time of WTO accessions**

Bulgaria (1996)	The representative of Bulgaria stated that his Government applied <b>export taxes</b> for the relief of critical shortages of foodstuffs or in cases of critical short supply for the domestic industry, and that after accession, any such taxes would be applied in accordance with the provisions of the WTO Agreement. He noted that, at the current time, Bulgaria applied the <b>export taxes</b> only to the goods and services listed in Annex 2 to the Report. Bulgaria would, after accession, minimize its use of such taxes and confirmed that any changes in the application of such measures, their level, scope, or justification, would be published in the State Gazette. The Working Party took note of these commitments (paragraph 39).
Latvia (1999)	The representative of Latvia confirmed that present export tariff rates related only to the goods listed in Annex 3 Export Duty Tariffs. All customs tariff changes were published in the official journal of the Republic of Latvia – the newspaper “Latvijas Vēstnesis”. Latvia would <b>abolish all export duties</b> listed in Annex 3 by 1 January 2000 with the exception of the duty on antiques. <b>The timetable for elimination of export duties</b> would be similar for regional trade agreement partners and partners to which MFN treatment was applied as indicated in Annex 3. The Working Party took note of these commitments (paragraph 69).
Estonia (1999)	The representative of Estonia confirmed that after accession to the WTO, Estonia would minimize the use of <b>export taxes</b> and any such taxes applied would be in accordance with the provisions of the WTO Agreement and published in the Official Journal “Riigi Teataja” (State Gazette). Changes in the application of such measures, their level, scope, or justification, would also be published in the Official Journal “Riigi Teataja” (State Gazette). The Working Party took note of these commitments (paragraph 80).
Georgia (2000)	The representative of Georgia confirmed that after accession to the WTO, Georgia intended to minimize the use of <b>export taxes</b> and any such taxes applied would be in accordance with the provisions of the WTO Agreement and published in the Official Journal. Changes in the application of such measures, their level, scope, or justification, would also be published in the Official Journal. The Working Party took note of these commitments (paragraph 82)
Croatia (2000)	The representative of Croatia confirmed that after accession to the WTO, Croatia would apply <b>export duties</b> only in accordance with the provisions of the WTO Agreement and published in the Official Gazette “Narodne Novine”. Changes in the application of such measures, their level and scope would also be published in the Official Gazette “Narodne Novine”. The Working Party took note of this commitment (paragraph 101).
China (2001)	The representative of China confirmed that upon accession, China would ensure that its laws and regulations relating to all fees, charges or <b>taxes levied on imports and exports</b> would be in full conformity with its WTO obligations, including Articles I, III:2 and 4, and XI:1 of the GATT 1994, and that it would also implement such laws and regulations in full conformity with these obligations. The Working Party took note of this commitment. (paragraph 170) <b>China shall eliminate all taxes and charges applied to exports unless specifically provided for in Annex 6 of this Protocol</b> or applied in conformity with the provisions of Article VIII of the GATT 1994. (section 11.3. of protocol) (Annex 6 indicates 84 products and rate of export duties.(ANNEX 2))

See WTO accessions technical note Annex 3 / Protocol on the Accession of the People's Republic of China (WT/L/432) and Report of the Working Party on the Accession of China (WT/ACC/CHN/49) (<http://www.wto.org>)

## VI. Findings from TPR reports

21. As seen in the previous sections, the most systematic information available on export duties appears in the Trade Policy Review country reports. In assessing the economic impact on export duties, the TPR reports include much useful information. TPR reports of WTO members include a section on

measures affecting exports and more or less address export taxes, duties, charges and other similar measures. The subtitle “export taxes” appears in many reports, but the contents are various, reflecting each country’s different situation and timing of reviews. Some include a table of rates of export duties, but others only touch upon such duties very briefly. Therefore, basic information is limited, but at least certain tendencies can be observed from these reports.

#### A. *Pattern of use*

22. Export duties are introduced mainly by developing and least developing countries. Regional patterns can be identified, reflecting regional efforts to prohibit export duties. Thus, the number of countries imposing export duties in Europe and the Western Hemisphere is relatively limited. (Table 5)

**Table 5. Number of countries applying export duties/taxes, by regions and other groupings**

	Number of WTO Members reviewed by TPRB	WTO Members imposing export duties
Europe/Middle East	29	2
America	26	9
Asia/Pacific	19	11
Africa	26	17
<b>Total</b>	<b>100</b>	<b>39</b>
LDCs	15	10
OECD	30	3
Others	55	26

Note: TPR reports from 1995 to 2002 (October). Some Members were reviewed two or three times, but are here counted as one. The EU is counted as 15.

23. Outstanding examples of items affected are *inter alia* forestry products, fishery products, mineral and metal products, leather and hide and skin products, and various agricultural products. (Table 6)

**Table 6. TPR Summary of current situations on export duties/taxes, by product basis**

Selected products	Number of Members (out of 39/100 TPR)
Forestry products	13
Fishery products	12
Mineral products, metals, precious stones	17
Leather, hides and skins	9
Agricultural products (sugar, coffee, etc)	22

Note: TPR reports do not specify precise HS number of products subject to export duties. Therefore, this classification is based upon the description of the products in the reports. In this table, hides and skins have been grouped with leather rather than agricultural products. Products listed are not exhaustive: Comprehensive details are in ANNEX 1.

**B. Key findings**

24. ANNEX 1 provides detailed descriptions of the information on export duties contained in each country TPR. The key findings may be summarised as follows:

- The two main reasons for imposing export duties are 1) fiscal receipts or revenue and 2) promotion of downstream processing industries, i.e. by providing domestic manufacturing and processing industries with cheap raw materials and other inputs;
- Export duties may be seen as a reliable source of revenue, in particular in the LDCs. These countries may face difficulty in collecting domestic taxes, while the relative efficiency and ease of implementing tax regulations through customs may make this an attractive option for governments;
- When the objective is the promotion of downstream processing industries, export duties are seen as a means of gaining competitive advantage. They are then closely linked to other export restrictive measures such as minimum export pricing. In certain cases, governments introduce export duties on raw materials to encourage foreign direct investment in downstream industries. In other cases, governments rather promote FDI in export industries by exempting export duties;
- Some developing countries argue that measures to promote processing industries are justified by the existence of tariff escalation in developed countries;
- Importing countries argue that export taxes by dominant producing countries discriminate against foreign buyers by raising the level of export prices, (i.e. world prices) and creating difficulties for these buyers in obtaining essential raw materials and competing internationally;
- Another alleged reason is environmental protection or preservation of natural resources or products, in particular forestry and fishery products, but the effectiveness of export duties for this objective could be questioned;<sup>21</sup>
- Export duties are also used in rare cases as a measure in bilateral negotiations or undertakings to offset countervailing duties or to avoid imposition of these duties which intend to address the exporting country's subsidy on the product;
- There is a growing tendency to abolish export duties, reflecting various bilateral and regional contacts and rules.<sup>22</sup> A notable example is the case of Indonesia for economic and structural reform.

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<sup>21</sup> In the TPR of **Indonesia** in 1998, the **environmental conservation reason** of export taxes is discussed in the case of logs. In response to the alleged justification, the report points out that lowering domestic log prices by export taxes would encourage processors to expand production, **but reduce the financial incentives for processors to adopt efficient, less wasteful technology and processing practices** and that **the incentives for owners of natural resources to engage in conservation practices are diminished**. Therefore the export taxes risk reducing incentives both for owners and processors to conserve and use natural resources efficiently.

<sup>22</sup> A comparison between TPRs in 1989-94 and in 1995-98 suggests that export taxation increased slightly in countries for which information is available in both periods (Michalopoulos, C, "Trade Policy and Market Access Issues for Developing Countries: Implications for the Millennium Round." World Bank, 1999).

*C. Economic implications and illustration through selected country cases*

25. The economic effects of export duties need to be assessed with regard to their objectives as well as their overall effects on the economies of the trading partners concerned. When the purpose of export duties is essentially revenue, it may be asked whether alternative internal taxation measures could be equally effective and also less trade distortive. In making such an assessment, it should be recognised that developing and least developed countries may need technical assistance to help modernise and improve the efficiency of their tax systems.

26. When the objective is primarily the promotion of downstream industries, the economic implications vary according to the extent to which the exporting country can affect the world market price of the taxed product. However, whether or not there is such an affect, an export duty would create a differential between the price available to domestic processors and the price charged to foreign processors. This differential would provide a competitive advantage to domestic downstream processors vis-à-vis foreign processors. This could be justified by the “infant industry” argument, i.e. to provide an initial incentive for the development of a processing industry. It would also improve the overall terms of trade of the country, benefiting its balance of payments. However, the net result could be a welfare loss in that it would penalise exporters of the taxed product while benefiting downstream processing industries, which in turn would have a reduced incentive to become truly competitive internationally. In this sense, an export duty acts as an implicit subsidy for domestic processing industries, providing them with an artificial competitive advantage both in the domestic market of the country and in export markets.

27. Illustrations may be found in TPR reports of the practice of export duties in the absence of WTO disciplines.<sup>23</sup>

- In the TPR of **Papua New Guinea** in 1999 and **Solomon Island** in 1998, the issue of export duties on logs was addressed in detail. The reports argued that export taxes on unprocessed logs are seen as a means of promoting greater domestic value added and **encouraging downstream processing**. This attempts to **encourage direct investment in forestry for downstream processing**, creating employment and domestic economic growth. The reports point out that export taxes divert export sales on to the home market and reduce the domestic price, **thus providing an implicit subsidy to processors**, while penalizing raw material suppliers. The domestic price would be decreased by the equivalent of the export taxes; if the export taxes are prohibitive, the effect of reducing price is much larger. However, the reports indicate that these implicit subsidies tend **rather to protect inefficient processing industries** and ultimately to cause an economically undesirable situation. This is particularly the case in PNG where the processing industry is protected by high protective import tariffs. Moreover, countries with relatively small production levels of raw materials have no influence over the world price of these products; when export duties are applied, they thus cannot raise their export prices and pass the tax on to foreign purchasers; the domestic suppliers must fully

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However, recent TPRs indicate that quite a number of examined countries have eliminated export duties, reflecting regional efforts in this regard.

<sup>23</sup> In addition to the cases discussed in the following bullets, it may be noted that the TPR of **India** in 2002 raised the issue of India’s export duties of 60% on hides, skins, and leathers, which might artificially inflate the world prices of these products and **distort international competition**. India stated that “India has lifted all export restrictions on exports of hides, skins and leathers. There is no tax on export of finished leather. However raw hides and skins and semi finished leather are taxed at varying rates for export purposes. **These taxes are WTO compatible.**” However the report points out that “insofar as such taxes (or other restrictions) depress the domestic prices of such leather items, they constitute implicit assistance to domestic downstream processing of such items.”

absorb the taxes themselves. Export taxes also reduce the returns from exports of raw materials, which could adversely affect national economic growth.

- The TPR of **Ghana** in 2001 pointed out that, as **Ghana appears to be a dominant player on the world market for cocoa**, its producers are able to pass on the burden of export taxes to foreign purchasers. In this case, export duties are intended to exploit its market power by fully cultivating dominant positions. **However these duties may nonetheless encourage potential competitors to expand their business so as to profit also from the higher world price, with the risk over time of weakening the position of the price-making country.**

28. The lack of multilateral disciplines on the use of export duties also has effects at another level. Traders may be subject to the sudden and arbitrary introduction of such duties or to changes in their levels or modalities of application. The lack of transparency and predictability in this area is noticeable today particularly in contrast to other aspects of the overall trade regime that have come under multilateral disciplines, especially as a result of the Uruguay Round.

## VII. Some possible orientations for future disciplines

29. In light of the current patterns of use of export duties and the various trade distorting effects that may arise, it would be useful to reflect on possible orientations for strengthened multilateral disciplines.

30. Although the main policy objectives identified in the case of export duties -- government revenue and promotion of processing industries -- would generally be legitimate and defensible, the measures applied to achieve them may in certain cases lead to abuse or may be unnecessarily trade restrictive. In particular, the lack of transparency and of predictability in the use of export duties could be seen as an element of unfinished business in the WTO.<sup>24</sup>

31. In contrast, it has been noted that more and more bilateral and regional trade agreements introduce disciplines to prohibit export duties. In the WTO, recent accessions have provided a multilateral framework for making progress with respect to individual countries, as in the case of China.

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<sup>24</sup> At the Negotiating Group on Market Access, the EC, US, NZ, Japan, Korea, Norway, Singapore, Canada and India tabled communications by the end of October 2002. With respect to NTB, on September 2002, the Negotiating Group agreed with the Chairman's proposal that he write to participants requesting them to start notifying, within a certain timeframe, non-tariff barriers which their economic operators were encountering when exporting to various markets (TN/MA/4). On export restrictions in particular export duties, the EC states that "A bold initiative on tariffs will only maximise market openness if non-tariffs barriers are tackled up-front through approaches that allow also for discussion of specific non-tariff measures on a case-by-case basis and – as necessary – of horizontal rules minimising their negative effects and fostering transparency, as we shall indicate in our forthcoming submission on this particular issue. A level playing field does, furthermore, require the removal of export restrictions, and in particular export duties, which are the flip-side to tariff escalation." The EC also proposes that "all export restrictions on raw materials [be] removed"(TN/MA/W/11). India, on the other hand, has stated that it "attaches great significance to the removal of specific non-tariff barriers on tariff lines of particular interest of developing countries. By their nature, NTMs do not lend themselves to securing commitments that can be easily defined or monitored. To the extent there can be some creative ideas in this regard it would be useful. Compilation of comprehensive data with regard to NTMs is an essential requirement for furthering discussion in this area. India would, however, caution against the inclusion of legitimate instruments that developing countries may use under the various WTO agreements for development of their industries. For instance, export tariffs or levies are generally used to generate resources to develop an industry by diversification in the product profile and development of value added products for exports. Therefore, the suggestion that 'export duties' be negotiated would be outside the Doha mandate"(TN/MA/W/10).

32. One approach could be to introduce general disciplines on export duties as on import tariffs. Another approach would be sectoral.<sup>25</sup> Regardless of the choice made, possible elements for consideration would be, *inter alia*, scheduling, notifications, product coverage, country coverage, possible S&D, rates of duties and period of implementation. New rules and disciplines in the GATT are one option, although alternatively a separate sectoral agreement or decision might work without substantially amending the current regime, as in the case of the Information Technology Agreement of 1996, where the commitment of each Member was ultimately reflected in national schedules under Article II of the GATT 1994. In this case, Members would have to describe their commitments in Part III (Concessions on non-tariff measures) of the schedule. In any event, in the DDA context, various possibilities might be envisaged under the single undertaking structure.

33. It should also be noted that the specific effects of export duties may be difficult to separate from the effects of overall export regimes, which may include other measures applied in conjunction with export duties to achieve the same policy objectives. As mentioned in TPR reports, types of export controls that are sometimes used with export duties include minimum export pricing, export prohibitions, export licensing, export quotas, export cartels and export processing zones. In this light, it appears that effective orientations for strengthened multilateral disciplines would require an overall assessment of export regimes.

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<sup>25</sup> In the joint declaration at the occasion of the EU-Mexico Free Trade Agreement, both parties agreed to seek to establish disciplines for the elimination of export taxes or restrictions that operate to increase the exports of, or the protection afforded to, domestic industries, such as leather within the context of multilateral negotiations. (EC <http://europa.eu.int/>, Joint Declaration VI NO. 4104.) Meanwhile, the US proposal on market access on agricultural products in July 2002 includes the following proposal on export taxes: 1. Other than provided in paragraph 2, no Member shall establish or maintain an export tax on any agricultural products. 2. A developing country Member may apply an export tax only in conformity with the following provisions: a. The export tax shall apply to all agricultural products. b. The Export tax shall be applied to at a uniform rate across all agricultural products. c. The export tax shall be applied without modification for a period of at least one year. Any subsequent modification shall apply for a period of at least one year from the date of such modification. d. Any developing country Member applying, proposing, or modifying an export tax shall supply such information to the Committee on Agriculture prior to the application or modification. (USTR <http://www.ustr.gov/>)

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**ANNEX 1: DESCRIPTIONS OF EXPORT DUTIES/TAXES IN TPR REPORTS<sup>26</sup>**

<i>Europe/Middle East</i>	
Bahrain	Bahrain abolished all its export duties on 1 September 1986. However, export fees are charged on ready-made clothes. According to the State Budget for fiscal year 1999, export fees on ready-made clothes amounted to BD 100,000 (about US\$300,000) (Ministry of Finance and National Economy, 1999). (2000)
Cyprus	Not clear. (1997)
Czech Republic (OECD)	No export taxes. (2001)
European Union (15)	No export duties. (2002)
Hungary (OECD)	No export duties. (1998)
Iceland (OECD)	No export taxes. (2000)
Israel	No export taxes. (1999)
Liechtenstein	No export taxes. (2000)
Norway (OECD)	Exports of fish and fish products are subject to a levy, which varies according to the species and stage of processing of the product. This levy is used to partly to finance the activities of the Norwegian Seafood Export Council which assists in the marketing of fish and fish products, both in Norway and abroad. (2000)
Poland (OECD)	No export taxes. (2000)
Romania	No export taxes. (1999)
Slovak Republic (OECD)	No export taxes. (2001)

<sup>26.</sup> See Note at end of table

Slovenia	No export taxes. It had notified to the WTO the list of items on which it levied export taxes, as pre-existing “grey-area” measures covered by Article 11 of the Agreement on Safeguards, along with the timetable for the phase-out of such measures. Taxes of 10% or 15% were levied on exports of wood and wood products, and of 25% on ferrous, aluminium and copper wastes and scrap. According to authorities, the measures were aimed at addressing shortages in the domestic market. On 1 January 1997, Slovenia abolished the export taxes for all notified products, except for wood in the rough. For this product, the export tax was reduced from 10-15%, and eliminated one year later on 1 January 1998. (2002)
Switzerland (OECD)	No export taxes. (2000) Export taxes on metal and steel scrap were removed in July 1993. The last remaining taxes, affecting some animal products were abolished with effect from 1 January 1995. (1996)
Turkey (OECD)	The number of commodities covered by export taxes has decreased since the previous Trade Policy Review from seven to two (in 1993, hazelnuts, figs, liquorice root, pumice stone, raw leather, rye and untreated olive oil). Currently, export taxes apply to hazelnuts in the form of deductions payable to the Support and Price Stabilisation Fund (SPSF) at the rate of US\$0.04 per kg for unshelled hazelnuts and US\$ 0.08 per kg for shelled hazelnuts. Exports of semi-processed leather are subject to a tax of US\$.5 per kg environmental reasons, but the measure should also be beneficial to the leather goods industries. (1998)
<i>Asia/Pacific</i>	
Australia (OECD)	No export taxes. (2000)
Bangladesh (LDC)	According to the authorities, exports are at present not subject to any taxes. However, the Export Policy Order 1997-2002 stipulates that “Tax at source will be deducted at the rate of 0.25%.” (2000)
Brunei Darussalam	No export taxes. Note however that export prohibitions and restrains apply to several products, often to ensure adequate domestic supplies as in the case of rice and sugar. (2001)
Fiji	For revenue purposes, Fiji imposes modest export taxes on sugar and gold. Sugar and gold exported from Fiji are both subject to a 3 per cent export duty. Custom revenue from export duties in 1995 was F\$11.4 million, equal to 3.5 per cent of total customs revenue. (1997)
Hong Kong, China	No export taxes, but it is noted that like imports, all exports other than certain items are subject to a trade declaration charge. For exports of Hong Kong manufactured clothing and footwear items specified in the Schedule to the Industrial Training Ordinance, there is a clothing training levy of HK\$0.3 in respect of each HK\$1,000 value or part thereof in addition to the declaration charge. The levies are used to finance the Clothing Industry Training Authority, a statutory non-profit-making organisation with a mandate to provide training facilities for persons employed in the clothing industry. (1998)

India	<p>Since its previous Review, India has removed export taxes on all products except hides, skins, and leathers, tanned and untanned (not including manufactures of leather). The export duty on these products was raised from 15% to 60% in 2000 as a consequence of India having to adhere to a WTO ruling requiring abolition of quantitative licensing controls on these products. According to the authorities, the export duties are maintained to ensure export of high value-added leather goods. However, insofar as such taxes (or other export restrictions) depress the domestic prices of such leather items, they constitute implicit assistance to domestic downstream processing of such items. (2002)</p>
Indonesia	<p>Prior to the currency crisis, export taxes affected about 80 products, covering a wide range of forest products (notably logs, sawn timber and rattan), agricultural products (crude palm oil and coconut oil), and mining and metal products (ores and concentrates of copper, lead, tin and platinum, aluminium waste, etc.). While most rates were set at 30% <i>ad valorem</i>, specific taxes, with prohibitively high <i>ad valorem</i> equivalents, were imposed on log, swan timber, rattan and other wood products. Export taxes are in principle levied on the declared f.o.b. price of the products, and check prices, set bi-annually by the Ministry of Industry and Trade, were used, particularly for wood. Use of check prices, intended to prevent under-invoicing by exporters, added a discretionary element to the system of export taxes, reducing transparency. In its second Letter of Intend, the Government committed itself to phase out “punitive” export taxes; as of 1 February 1998, export taxes on leather, cork, ores and waste aluminium were abolished. For natural resources, the Government has decided to convert to reduce gradually their level and replace them by “resource rent taxes” as appropriate. The aim is to reduce the anti-export bias of the policy while at the same time preventing the over-exploitation of the resource and the deterioration of the environment. In a first step, in April 1998, the <i>ad valorem</i> rates of export taxes on logs, sawn timber, rattan and minerals were reduced to a maximum of 30%, and resource rent tax was imposed. Further reduction of export taxes on these products are scheduled (a reduction to 20% by the end of 1998, to 15% by the end of 1999 and to 10% by the end of 2000). The temporary export ban on palm oil, imposed in the context of domestic shortages was replaced in March 1998 by an <i>ad valorem</i> export tax of 40%. (1998)</p>
Japan (OECD)	No export taxes. (2000)
Korea (OECD)	No export taxes. (2000)
Macau, China	No export taxes. (2001)
Malaysia	<p>Out of 10,368 tariff lines, 710 lines are subject to export duties. They include certain fish, birds’ eggs, certain fruit and nuts, palm seeds, gum and resin, rattan, crude and semi-processed palm oil, palm kernel, animal feeds, slags, magnesite, petroleum oil, rough wood, articles of stones, certain precious metals, ferrous wastes and scraps, certain base metals and their waste. Of which nine are specific and 701 are <i>ad valorem</i> ranging from 2.5% to 30%. Certain duty rebate or exemption for export under certain scheme. Rubber and tin are subject to research and development cess. The bulk of export duties was derived for from crude petroleum, which accounted for 97% of total export duties collected in 2000. The authorities maintain that promoting the use for locally produced commodities in domestic downstream industries is one of the main objectives of export duties; in the case of forestry products, export duties are also regarded as an effective means of forestry management. Export restrictions may not the best way to tax resource</p>

	rents and thereby ensure the sustainability of Malaysia's forests; more efficient alternative include, for example, the auctioning of logging quota or the imposition of stumpage fees. According to the authorities, however, export duties are used by the Federal Government because such alternatives cannot be imposed on the State governments, within whose jurisdiction taxation of natural resources, like forestry, apparently lies, although some states do use tendering for logging quotas, in combination with fixed premium charges, and incorporate stumpage value into royalty calculations. (2001)
New Zealand (OECD)	No export taxes. (1996)
Pakistan	There has been a considerable reduction in the use of these instruments during the period under review. (At the time of previous review, 25 products group mainly agricultural items were subject to <i>ad valorem</i> rates ranging from 10% to 45%, specific or compound duties, for revenue reasons or to discourage exports of raw materials. (1995)) Despite WTO information suggesting the elimination of export duties including tax on cotton and minimum prices as from July 1999, regulatory duties on exports of crushed bones (10%), uncrushed bones (5%) and raw/wet blue hides and skins (20%) are still in force. Minimum price requirements now affect cotton yarn only and are set by the All Pakistan Textile Association. Such restraints on exports tend to reduce the prices of the goods covered and therefore an implicit subsidy to domestic user of these goods.(2001)
Papua New Guinea	Export taxes principally for revenue purposes, on the f.o.b. value of a range of products, payable before shipment. Taxes of 5% apply to exports of sea cucumbers, mineral ores and concentrates, and crocodile skins. 15% on rattan (cane), when exported unprocessed; and higher progressive rates on round logs. Exports of Sandalwood attract a flat rate tax of 15%. Export taxes were lifted on marine products, except for beche de mer. Progressive export taxes on logs were introduced in 1996. Export taxes, 95% of which come from logs, represented around 10% of government tax revenue. This was expected to fall to 3% for 1998. (1999)
Philippines	Export taxes only for logs. The export of logs is generally banned; however, when exports of logs are permitted they are subject to an export tariff of 20% of their f.o.b. value, which is levied for the purpose of conserving the country's natural resources. In addition to export duties, a premium duty has occasionally been levied on exports of certain wood, mineral, plant, and vegetable products, depending on the prevailing prices of export products in the world market. Since the previous Trade Policy Review, there have been to minimum export price regulations. (1999)
Singapore	No export taxes. (2000)
Solomon Islands (LDC)	Export taxes, principally, for revenue purpose. Export tax remissions and exemptions, especially on fish products and until recently on logs, have benefited certain activities and producers, and reduced export tax levels to well below scheduled rates (e.g. 50% remission of export duties for temporary relief from the slump in log export prices and help clear stockpiled logs). It was announced in the 1998 Budget the export taxes would be raised by two percentage points on certain items, including palm oil and copra. Export taxes represent a significant share of government revenue, mainly from taxes levied on fish and log exports. These export taxes are used to capture the resource rents associated with natural resource-based products, and to promote downstream value added. However,

	like import tariffs, export taxes are distortive and an inefficient means of taxing resource rents; they may also constitute a disincentive to conserve natural resources since they do not discourage over-production. Export taxes compound the anti-export bias inherent in the Solomon Islands system of import duties. They also what may be inefficient domestic downstream processors by providing access to raw materials, such as fish and round logs at below world prices and may require special measures to be introduced to control tax evasion. (1998)
Sri Lanka	Silica quarts, steel, tea, rubber, coconut, cashew-nuts in shell, raw hide and skins, and leather of bovine and equine animals. The duties on exports of silica quarts and certain hides and skins appear not only intended to raise revenue, but lower input prices for and thus promote, downstream processing activities. The cess of other items are destined for sector specific activities. (1995)
Thailand	Export taxes consist of statutory rates stipulated in Part III of the Customs Tariff, and applied rated. The level of applied export taxes continued to be very low over the period under review, and their contribution to government revenue almost negligible. Development since the last Review include for the purpose of preventing countervailing duties in the EU. The persistence of relatively high statutory export taxes, nevertheless, leaves an element of uncertainty in Thailand's trade regime, as statutory export taxes on important products such as rice or rubber could in principle be reintroduced without the need for legislative approval Products listed in Part III of the Customs Tariff are: rice and glutinous rice (10%); metal scraps of any kind (50%); hides of bovine animals; rubber of genus Hevea in various forms such as sheets or slabs (40%); wood, sawn wood and articles made of wood; raw silk (not thrown), silk yarn and yarn spun from waste silk and noil silk (B 100 per kg.); fish (pulverized or only baked) unfit for human consumption (75%); and goods not elsewhere specified or included in the export tariff listing. The last category has no statutory export duty. (1999)
<i>Africa</i>	
Benin (LDC)	Export duties were suspended in 1993 for most products. However, they have not been repealed. The fiscal duty on exports is currently levied only on diamonds, precious stones and metals, cocoa beans and crude oil at a rate of 1.04% of the f.o.b. export value. (1997)
Botswana	Not clear. (1998)
Burkina Faso (LDC)	Export taxes only for livestock products imposed both exports and domestic sales. Note that export of raw sheep and goat hides and skins is prohibited in order to encourage their processing locally. (1998)
Cameroon	Export taxes on eight agri-industrial products: cocoa, cotton, medical plants, sugar, and rubber (15%); coffee (25%); palm oil (30%); and bananas were eliminated because they created serious distortions in the structure of incentives and were considered a major constraint to export. Since July 1999 only exports of forestry products have been subject to export taxes. In 2000, export taxes on dressed and semi-dressed timber were also eliminated, but not on logs. An export taxes of 17.5% is levied on the f.o.b. value of log exports and 3% or 4% for transformed forestry products. Taxes on logs remain in place to encourage local processing of wood and hence value added. (2001)

Côte d'Ivoire	Rough timber, plywood, coffee, raw cocoa, cola nuts, and uranium ores and concentrates thereof. Note that report indicates duties on coffee and cocoa are for fiscal purpose. (1995)
Egypt	No export taxes. (1999)
Gabon	The Gabonese authorities have provided the WTO Secretariat, for the purposes of its trade policy review, with a list of exit duties applicable to exported products in force in 1999, which have remained in place in 2000 and 2001. These are mainly manganese (three per cent) and unsquared tropical woods (15 per cent), such as Okoume and ozigo. Squared tropical woods are exempt from exit duty so as to encourage squaring of the wood locally. (2001)
Ghana	Traditional export taxed while non-traditional products are exempt. The tax is mainly applied to cocoa, but exports of gold, bauxite, manganese, and certain processed timber also taxed at 6% of the f.o.b. value. An export tax is also levied on aviation jet fuel. (2001)
Guinea (LDC)	A fiscal export duty of 2 per cent of the f.o.b. value is levied on the export of all products, apart from mineral products and derivatives (e.g. gold, diamonds and scrap) and coffee. Scrap exports are subject to a specific fiscal export duty of GF 25,000 per tonne. Exports of handicraft gold and diamonds are subject to a fiscal export duty of 3 per cent of f.o.b. price; the duty is 2 per cent on exports by the Central Bank for Non-Industrial Gold. The coffee export tax is set at US\$13 per tonne and is designed to finance coffee-promotion activities and the payment of Guinea's contributions to the Inter-African Coffee Organisation. A tax of 2 per cent of the f.o.b. value is likewise levied on the re-export of all products (on leaving Guinea). Taxes are also collected by the Central Bank on exports of bauxite and alumina and paid into a special account as an advance payment on the various taxes payable by the Guinea Bauxite and Alumina Company (CBG) and FRIGUIA (which produces alumina). These advance payments are from US\$8 to 9 per tonne of bauxite (they vary according to the world price for this product) and amount to US\$1.75 per tonne of alumina. The tax (advance payment) on alumina is actually collected at the rate of US\$0.5 per tonne of bauxite consumed in producing it. (1999)
Kenya	Kenya levies export tax on timber and on fish. The tax rate on fish is 0.5%. The WTO Secretariat has not been informed of the rate on timber. Other export duties and taxes collected on certain goods, including agricultural and mineral products, were abolished in June 1994. According to the authorities, Kenya has no other export duties. (2000)
Lesotho (LDC)	Export taxes on rough, unpolished diamonds. (1998)
Madagascar (LDC)	Effective 1 May 1997, Madagascar eliminated export duties and taxes on all except wood products. For raw logs (raw timber and hardwoods), there is a 4% fee on the f.o.b. value; the fee for processed wood products is 1.5% of the f.o.b. value. During the period immediately prior to 1 May 1997, only vanilla was subject to export duties and taxes. Vanilla was subject to the following export duties and taxes: 1994/95 – 35% <i>ad valorem</i> tax; 1995 – specific tax of FMG 85,000/kg. net; 1996 – specific tax of FMG 85,000/kg., modified by a 25% <i>ad valorem</i> tax. (2001)

Mali (LDC)	Export taxes only for 3% gold and specific duty on fish. These taxes are also levied on domestic sales of these products. Export duties and taxes were abolished on most products in 1991. After devaluation, the export tax on livestock products was abolished in order not to compromise the opportunities for development and market access of these products in the sub-region. (1998)
Malawi (LDC)	Dutiable products are tobacco, tea and sugar. However, since April 1998 the rate of export tax has been zero. Temporary export duties were previously applied for revenue reasons to tobacco and sugar from April 1995, initially at a rate of 10%, but reduced to 8% from April 1996 and to 4% from April 1997, when coffee was also included. (2002)
Mauritania (LDC)	Export taxes only for pelagic fisheries products. (2002) Export taxes on products other than fisheries products existed on paper but were not applied in practice and they were officially abolished in 2000. They applied to various products such as live animals, meat and edible meat offal, certain dairy products, gum arabic, salt, mineral ores, slag and ash, hides and skins. (2002)
Mauritius	No export taxes. (2001)
Morocco	At present, hydrocarbons are subject to 5 per cent export duty and crude phosphate is subject to a specific prospecting tax of 34 dirhams per tonne exported. (1996)
Mozambique (LDC)	No export taxes except cashews for which the rate was 18% as of 31 July 2000. The raw cashews surcharge resulted from intense domestic pressure from the cashew processing industry. (2001)
Namibia	No export taxes. (1998)
Nigeria	The authorities indicated that an administrative levy of US\$5 per tonnes is applied to exports of cocoa, and US\$3 per tonne of other raw material exports. (1998)
South Africa	Export taxes on unpolished diamonds. (1998)
Swaziland	Not clear. (1998)
Tanzania (LDC)	In 1996, Tanzania reinstated an export tax on non-traditional products and minerals at a rate of 2%, for revenue purposes and enhancement. However, as a result of further liberalization of the trade sector, the Tanzanian Government no longer imposes any export duties or taxes. Voluntary crop boards such as the Cotton Board and the Cashew Nuts Development Fund levy a fee of 1-2% on their members' exports to finance research, extension services, and training. (2000)
Togo (LDC)	No export taxes. The export tax on phosphates, of CFAF 1,000 per tonne, has been abolished and replaced by the mining royalty fixed and collected by the Directorate of Mines. Taxes on coffee, cocoa and cotton formerly existed but they were never applied. (1999)
Uganda (LDC)	Export taxes only for coffee 1% cess collected by the Uganda Development Authority on coffee exports. (2001)

Zambia (LDC)	No export taxes. (2002)
<i>America</i>	
Argentina	In the past, export taxes affected a wide range of products, mostly unprocessed agricultural products, mainly to ensure the supply of raw materials to domestic processing industries; the authorities also indicated that such taxes were response to tariff escalation in export markets. These were also an important source of fiscal revenue. At present export taxes apply only to raw materials of cattle, including raw hides and skins, at rates of 5% to MERCOSUR and 10% to third country markets for 1998, as well as unprocessed oilseeds at a rate of 3.5%. (1999)
Antigua and Barbuda	Export taxes on lobsters and fish. Total revenue collected is small and has been declining. (2001)
Barbados	No export taxes. (2002)
Bolivia	No export taxes. Note that the exportation of national cultural treasures, narcotics, dangerous substances, and goods and products pertaining to national security is prohibited. In addition, export prohibitions on unprocessed forestry products are being introduced. (1999)
Brazil	All exports are subject to a tax of 30 % which can be decreased or increased up to 150% if the executive deems it necessary. Exports may be exempt from this tax according to their destination. The authorities noted that these taxes are usually not applied. (2000)
Canada (OECD)	No export taxes. The export and Import Permit Act governs the use of export controls, including the imposition of export taxes. However, all of Canada's free-trade agreements, including the NAFTA, prohibit participating countries from maintaining or introducing any tax, duty or charge on exports to another participating country's territory, unless the same levy is also collected on the product in the domestic market. (1998)(2000)
Chile	No export taxes. (1997)
Colombia	Export taxes levied on coffee, crude oil, gas, coal and ferro-nickel. (1996)
Costa Rica	The revenue from exports is relatively large and equivalent to 1 % of total revenue. From 1995 to 1999, Costa Rica levied taxes on exports of coffee, meat and bananas. On 31 December, the taxes on meat and coffee were abolished. At the end of 2000, only bananas were subject to export taxes. In 1999, the <i>ad valorem</i> equivalent of the taxes on banana exports represented 2.8% of their fob value. Part of the revenue from these taxes was returned to the banana producers through the Banana Producers' Price Compensation Fund. (2001)
Dominica	No export taxes. (2001)

Dominican Republic	For environmental reasons Decree No. 11-01 of 11 November 2001 established export taxes for live fish, molluscs, and crustaceans. The tax is RD\$0.03 per kg for fish and 5% <i>ad valorem</i> for molluscs and crustaceans. Furthermore, under 119 of the Mining Law, mineral substances in their natural state or in the form of metalliferous concentrates that are destined for export, are subject to a specific tax of 5% f.o.b. According to the authorities no other export taxes are applied. (2002)
El Salvador	No export taxes. Export taxes on sugar and shrimp were abolished in 1989, and on coffee in 92. (1996)
Guatemala	Export taxes only for coffee. 1% for f.o.b. value of exported part of which is paid to municipalities. The banana export taxes was expired in 2000. (2002)
Grenada	No export taxes. (2001)
Jamaica	No export taxes. (1998)
Mexico (OECD)	In general, Mexico does not apply export taxes, except for some cases like sub-products of endangered species (particularly turtles) and certain plants and other human organs. (2002) (See Official Gazette, January 18, 2002)
Nicaragua	Not clear: Note that since the early 1990s export prohibitions have affected timber of two species (cedar and mahogany, as from 1997), lobsters in reproductive phase, and estuary shrimps in larval stage (as from 1991); these measures are to protect the environment and natural resources. (1999)
Paraguay	No export taxes. (1997)
Peru	No export taxes. For statistical purposes only, a notional 0% tax is applied. (2000)
St. Kitts and Nevis	Export taxes are applied on live animals, lobster and cotton. (2001)
St. Lucia	No export taxes. Exports of bananas are subject, in principle, to a 5% customs duty, in accordance with the Fourth Schedule to the Customs Duties Act No. 23 of 1990. The authorities noted, however, that this export tax is not applied. St. Lucia applies no other taxes or levies on exports. (2001)
St. Vincent and the Grenadines	No export taxes. (2001)
Trinidad and Tobago	No export taxes. (1998)
United States (OECD)	No export taxes. (2001)
Uruguay	Exports of dry, salted, and pickled hides are subject to a 5% tax. Other agricultural goods are also subject to taxes and/or fees used to finance bodies such as the Uruguayan Wool Secretariat and the National Meat Institute. Exports of bales of wool are subject to a 1.6% tax on their f.o.b. value; processed wool is subject to US\$0.03 per exported kilogramme and exports of wool clothing and apparel are also subject to US\$0.03 per

	<p>kilogramme of wool contained in the item. Exports of meat are subject to a 0.6% tax on fob value. The domestic tax on transactions involving agricultural goods (IMEBA) is levied on some export items, that is, exports are not excluded from the payment of the tax. The rate varies according the product but in each case a maximum rate is stipulated, The IMEBA is levied on f.o.b. price of the export. Export taxes for live animals (bovine, ovine and equine), boned beef and greasy were eliminated in 1993-1994. Only exports of dry, salted and pickled hides are still subject to a 5% tax. The purpose of this tax is to ensure the supply of leather for the domestic leather industry, while promoting higher value-added activities.(1998)</p>
Venezuela	Not clear. (1996)

Note: Descriptions are drawn from TPR reports, but in some cases have been abbreviated or changed as appropriate to meet the analytical objective of this paper. For further details, see the TPR reports

## ANNEX 2: CHINA ACCESSION SCHEDULE

## ANNEX 6 OF REPORT OF THE WP ON THE ACCESSION OF CHINA PRODUCTS SUBJECT TO EXPORT DUTY

NO	HS NO	DESCRIPTION OF PRODUCTS	EXPORT DUTY RATE (%)
1	03019210	Live eels fry	20.0
2	05061000	Ossein and bones treated with acid	40.0
3	05069010	Powder and waste of bones	40.0
4	05069090	Bones and horn-cores, unworked, defatted, simply prepared (but not cut to shape), treated with acid or degelatinized, excl. Ossein and bones treated with acid	40.0
5	26070000	Lead ores & concentrates	30.0
6	26080000	Zinc ores & concentrates	30.0
7	26090000	Tin ores & concentrates	50.0
8	26110000	Tungsten ores & concentrates	20.0
9	26159000	Niobium, tantalum & vanadium ores & concentrates	30.0
10	26171010	Crude antimony	20.0
11	28047010	Yellow phosphorus (white phosphorus)	20.0
12	28047090	Phosphorus, nes	20.0
13	28269000	Fluorosilicates and fluoroaluminates and complex fluorine salts, nes	30.0
14	29022000	Benzene	40.0
15	41031010	Slabs of goats, fresh, or salted, dried, limed, pickled or otherwise preserved, but not tanned, parchment-dressed or further prepared, whether or not dehaired or split	20.0
16	72011000	Non-alloy pig iron containing by weight <0.5% of phosphorus in pigs, blocks or other primary forms	20.0
17	72012000	Non-alloy pig iron containing by weight >0.5% of phosphorus in pigs, blocks or other primary forms	20.0
18	72015000	Alloy pig iron and spiegeleisen, in pigs, blocks or other primary forms	20.0
19	72021100	Ferro-manganese, containing by weight more than 2% of carbon	20.0
20	72021900	Ferro-manganese, nes	20.0
21	72022100	Ferro-silicon, containing by weight more than 55% of silicon	25.0
22	72022900	Ferro-silicon, nes	25.0
23	72023000	Ferro-silico-manganese	20.0
24	72024100	Ferro-chromium containing by weight more than 4% of carbon	40.0
25	72024900	Ferro-chromium, nes	40.0
26	72041000	Waste & scrap, of cast iron	40.0
27	72042100	Waste & scrap, of stainless steel	40.0
28	72042900	Waste & scrap of alloy steel, other than stainless steel	40.0
29	72043000	Waste & scrap, of tinned iron or steel	40.0

NO	HS NO	DESCRIPTION OF PRODUCTS	EXPORT DUTY RATE (%)
30	72044100	Ferrous waste & scrap, nes, from turnings, shavings, chips, milling waste, sawdust, filings, trimmings and stampings, whether or not in bundles	40.0
31	72044900	Ferrous waste & scrap of iron or steel, nes	40.0
32	72045000	Remelting scrap ingots of iron or steel	40.0
33	74020000	Copper unrefined; copper anodes for electrolytic refining	30.0
34	74031100	Cathodes & sections of cathodes, of refined copper, unwrought	30.0
35	74031200	Wire bars, of refined copper, unwrought	30.0
36	74031300	Billets, of refined copper, unwrought	30.0
37	74031900	Refined copper, unwrought, nes	30.0
38	74032100	Copper-zinc base alloys (brass), unwrought	30.0
39	74032200	Copper -tin base alloys (bronze), unwrought	30.0
40	74032300	Copper - nickel base alloys (cupronickel) or copper-nickel-zinc base alloys (silver), unwrought	30.0
41	74032900	Copper alloys, unwrought (other than master alloys of heading 74.05)	30.0
42	74040000	Waste & scrap, of copper or copper alloys	30.0
43	74071000	Bars, rods & profiles of refined copper	30.0
44	74072100	Bars, rods & profiles, of copper-zinc base alloys	30.0
45	74072200	Bars, rods & profiles, of copper - nickel base alloys or copper-nickel-zinc base alloys	30.0
46	74072900	Bars, rods & profiles, of copper alloy nes	30.0
47	74081100	Wire of refined copper, of which the maximum cross-sectional dimension >6mm	30.0
48	74081900	Wire of refined copper, of which the maximum cross-sectional dimension ≤6mm	30.0
49	74082100	Wire of copper-zinc base alloys	30.0
50	74082200	Wire of copper - nickel base alloys or copper-nickel-zinc base alloy	30.0
51	74082900	Wire, of copper alloy nes	30.0
52	74091100	Plate, sheet & strip, thickness >0.15mm, of refined copper, in coil	30.0
53	74091900	Plate, sheet & strip, thickness >0.15mm, of refined copper, not in coil	30.0
54	74092100	Plate, sheet & strip, thickness >0.15mm, of copper-zinc base alloys, in coil	30.0
55	74092900	Plate, sheet & strip, thickness >0.15mm, of copper-zinc base alloys, not in coil	30.0
56	74093100	Plate, sheet & strip, thickness >0.15mm, of copper-tin base alloys, in coil	30.0
57	74093900	Plate, sheet & strip, thickness >0.15mm, of copper-tin base alloys, not in coil	30.0
58	74094000	Plate, sheet & strip, thickness >0.15mm, of copper – nickel base alloys or copper-nickel-zinc base alloy	30.0
59	74099000	Plate, sheet & strip, thickness >0.15mm, of copper alloy nes	30.0
60	75021000	Unwrought nickel, not alloyed	40.0
61	75022000	Unwrought nickel alloys	40.0
62	75089010	Electroplating anodes of nickel	40.0
63	76011000	Unwrought aluminium, not alloyed	30.0
64	76012000	Unwrought aluminium alloys	30.0
65	76020000	Aluminium waste & scrap	30.0
66	76041000	Bars, rods & profiles of aluminium, not alloyed	20.0

NO	HS NO	DESCRIPTION OF PRODUCTS	EXPORT DUTY RATE (%)
67	76042100	Hollow profiles of aluminium alloys	20.0
68	76042900	Bars, rods & profiles (excl. hollow profiles), of aluminium alloys	20.0
69	76051100	Wire of aluminium ,not alloyed, with the maximum cross-sectional dimension >7mm	20.0
70	76051900	Wire of aluminium, not alloyed, with the maximum cross-sectional dimension ≤7mm	20.0
71	76052100	Wire of aluminium alloys, with the maximum cross sectional dimension >7mm	20.0
72	76052900	Wire of aluminium alloys, with the maximum cross sectional dimension ≤7mm	20.0
73	76061120	Plates & sheets & strip, rectangular (incl. square), of aluminium, not alloyed, 0.30mm ≤ thickness ≤0.36mm	20.0
74	76061190	Plates & sheets & strip, rectangular (incl. square), of aluminium, not alloyed, 0.30mm > thickness >0.2mm	20.0
75	76061220	Plates & sheets & strip, rectangular (incl. square), of aluminium alloys, 0.2mm<thickness <0.28mm	20.0
76	76061230	Plates & sheets & strip, rectangular (incl. square), of aluminium alloys, 0.28mm ≤ thickness ≤0.35mm	20.0
77	76061240	Plates & sheets & strip, rectangular (incl. square), of aluminium alloys, 0.35mm<thickness	20.0
78	76069100	Plates & sheets & strip, of aluminium, not alloyed, thickness >0.2mm, nes	20.0
79	76069200	Plates & sheets & strip, of aluminium alloys, thickness >0.2mm, nes	20.0
80	79011100	Unwrought zinc, not alloyed, containing by weight ≥99.99% of zinc	20.0
81	79011200	Unwrought zinc, not alloyed, containing by weight <99.99% of zinc	20.0
82	79012000	Unwrought zinc alloys	20.0
83	81100020	Antimony unwrought	20.0
84	81100030	Antimony waste and scrap; Antimony powders	20.0

Note: China confirmed that the tariff levels included in this Annex are maximum levels which will not be exceeded. China confirmed furthermore that it would not increase the presently applied rates, except under exceptional circumstances. If such circumstances occurred, China would consult with affected members prior to increasing applied tariffs with a view to finding a mutually acceptable solution.