

## **F PRICE CONTROL MEASURES INCLUDING ADDITIONAL TAXES AND CHARGES**

Measures implemented to control or affect the prices of imported goods in order to, *inter alia*, support the domestic price of certain products when the import prices of these goods are lower; establish the domestic price of certain products because of price fluctuation in domestic markets, or price instability in a foreign market; or to increase or preserve tax revenue. This category also includes measures, other than tariffs measures, that increase the cost of imports in a similar manner, i.e. by fixed percentage or by a fixed amount: they are also known as para-tariff measures.

### **F1 Administrative measures affecting customs value**

Setting of import prices by the authorities of the importing country by taking into account the domestic prices of the producer or consumer: it could take the form of establishing floor and ceiling price limits; or reverting to determined international market values. There may be different price setting, such as minimum import prices or prices set according to a reference

#### **F11 Minimum import prices**

Pre-established import price below which imports cannot take place.

*Example: A minimum import price is established for fabric and apparel.*

#### **F12 Reference prices**

Pre-established import price which authorities of the importing country use as reference to verify the price of imports.

*Example: Reference prices for agricultural products are based on "farm-gate price", which is the net value of the product when it leaves the farm, after marketing costs have been subtracted.*

#### **F19 Other administrative measures affecting the customs value, n.e.s.**

### **F2 Voluntary export price restraints (VEPRs)**

An arrangement in which the exporter agrees to keep the price of his goods above a certain level<sup>1</sup>: A VEPR process is initiated by the importing country and is thus considered as an import measures.

*Example: Export price of video cassette tape is set higher in order to defuse trade friction with major importing countries.*

### **F3 Variable charges**

Taxes or levies aimed at bringing the market prices of imported products in line with the prices of corresponding domestic products<sup>2</sup>: Primary commodities may be

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<sup>1</sup> These measures are prohibited by the WTO Agreements. Under the Agreements on Anti-dumping and on Subsidies and Countervailing Measures, however, measures in the form of price undertakings are permitted under certain conditions. See D13 and D23 for examples.

<sup>2</sup> These measures are prohibited by the WTO Agreement on Agriculture, Article 4.

charged per total weight, while charges on processed foodstuffs can be levied in proportion to the primary product contents in the final product. These charges include:

**F31 Variable levies**

A tax or levy whose rate varies inversely with the price of imports: It is applied mainly to primary products. It may be called flexible import fee.

*Example: A tariff rate on beef is set as “\$100 per kg minus the price per kg of beef on the invoice”.*

**F32 Variable components**

A tax or levy whose rate includes an *ad valorem* component and a variable component: These charges are applied mainly to processed products where the variable part is applied on the primary products or ingredients included the final product. It may be called compensatory element.

*Example: A tariff rate on sugar confectionary is set as “25% plus 25\$ per kg of contained sugar minus the price per kg of sugar”.*

**F39 Variable charges n.e.s**

**F4 Customs Surcharges**

An ad hoc tax levied solely on imported products in addition to customs tariff to raise fiscal revenues or to protect domestic industries:

*Example: Customs surcharge, surtax or additional duty*

**F5 Seasonal duties**

Duties applicable at certain times of the year, usually in connection with agricultural products:

*Example: Imports of “Fresh perry pears, in bulk” from 1 August to 31 December may enter free of duty, while in other months, seasonal duties applied.*

**F6 Additional taxes and charges levied in connection to services provided by the Government**

Additional charges, which are levied on imported goods in addition to customs duties and surcharges and which have no internal equivalents<sup>3</sup>: They include:

**F61 Custom inspection, processing and servicing fees**

**F62 Merchandise handling or storing fees**

**F63 Tax on foreign exchange transactions**

**F64 Stamp tax**

**F65 Import licence fee**

**F66 Consular invoice fee**

**F67 Statistical tax**

**F68 Tax on transport facilities**

**F69 Additional charges n.e.s.**

**F7 Internal taxes and charges levied on imports**

Taxes levied on imports that have domestic equivalents<sup>4</sup>:

**F71 Consumption taxes**

A tax on sales of products which are generally applied to all or most products:

*Example: Sales tax, turnover tax (or multiple sales tax), value added tax*

**F72 Excise taxes**

A tax imposed on selected types of commodities, usually of a luxurious or non-essential nature: This tax is levied separately from, and in addition to, the general sales taxes

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<sup>3</sup> It should be noted that Article VIII of GATT states that fees and charges other than customs duties and internal taxes "shall be limited in amount to the approximate cost of services rendered and shall not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes."

<sup>4</sup> Article III of the GATT Agreement allows internal taxes to be applied to imports; however, these taxes should not be higher than those applied to similar domestic products.

*Example: Excise tax, tax on alcoholic consumption, cigarette tax*

**F73 Taxes and charges for sensitive product categories**

Charges that include emission charges, (sensitive) product taxes and administrative charges: these latter charges are meant to recover the costs of administrative control systems.

*Example: CO2 emission charge on motor vehicles,*

**F79 Internal taxes and charges levied on imports n.e.s.**

**F8 Decreed Customs Valuations**

Value of goods determined by a decree for the purpose of imposition of customs duties and other charges: this practice is presented as a means to avoid fraud or to protect domestic industry. The decreed value de facto transforms an ad-valorem duty into a specific duty.

*Example: the so-called "valeur mercuriale" in Francophone countries*

**F9 Price control measures n.e.s**