

WORLD TRADE ORGANIZATION

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Negotiating Group on Market Access

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MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

Non-Tariff Barriers - Requests

Communication from the European Communities

The following communication, dated 28 April 2006, is being distributed at the request of the delegation of the European Communities.

**BILATERAL REQUESTS ON AUTOMOTIVE TAXES¹
BY THE EUROPEAN COMMUNITIES**

1. Member A

No	HS heading	Product description	Non-tariff barriers	Solution	Comment
1	8703	Automotives – passenger cars	Luxury tax of 25 percent over a certain value. Only applicable to cars. 97.6% of cars affected are imported, 93% from EU.	Elimination or change in thresholds.	Problem of practice of setting arbitrary thresholds. The EC has no objections to luxury taxes if general application to other luxury goods and not targeted on imports (especially, as in this case, imports from one trading partner).

¹ These requests are without prejudice to the existing rights of the EC under the WTO Agreements and in particular under Article III:2 of the GATT 1994.

**BILATERAL REQUESTS ON AUTOMOTIVE TAXES²
BY THE EUROPEAN COMMUNITIES**

2. Member B

No	HS heading	Product description	Non-tariff barriers	Solution	Comment
1	8703	Automotives– passenger cars	Locally assembled vehicles are subject to reductions for Commodity tax (up to 35 percent).	No less favourable treatment for imported cars.	Problem of practice of discriminatory application of tax due to tax breaks for local manufacturers, not the tax itself.

² These requests are without prejudice to the existing rights of the EC under the WTO Agreements and in particular under Article III:2 of the GATT 1994.

**BILATERAL REQUESTS ON AUTOMOTIVE TAXES³
BY THE EUROPEAN COMMUNITIES**

3. Member C

No	HS heading	Product description	Non-tariff barriers	Solution	Comment
1	8703	Automotives–passenger cars	High excise taxes and national cars granted a 50-percent excise tax rebate. Taxes higher for cars than multi-purpose vehicles and 4x4.	No less favourable treatment for imported cars by halving of excise tax and dismantling of tax rebates. Same tax range for all forms of vehicles.	Problem of discriminatory treatment of imported vehicles (especially cars) due to tax breaks for domestic cars and differential tax rates.
2	8703	Automotives–passenger cars	High and de facto prohibitive excise taxes for certain vehicles	Reduction in excise taxes	Prohibitive tax levels.

³ These requests are without prejudice to the existing rights of the EC under the WTO Agreements and in particular under Article III:2 of the GATT 1994.

**BILATERAL REQUESTS ON AUTOMOTIVE TAXES⁴
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4. Member D

No	HS heading	Product description	Non-tariff barriers	Solution	Comment
1	8703	Automotives passenger cars	– Capital Value Tax not charged for locally assembled vehicles.	No less favourable treatment for imported cars.	Problem of practice of discriminatory application of tax due to tax breaks for local manufacturers, not the tax itself.
2	8703	Automotives passenger cars	– High and de facto prohibitive excise taxes for certain vehicles (accumulated with import duties more than 300 percent)	Reduction in taxes	Cumulative use of various taxes to the effect that the overall level is prohibitive.

⁴ These requests are without prejudice to the existing rights of the EC under the WTO Agreements and in particular under Article III:2 of the GATT 1994.

**BILATERAL REQUESTS ON AUTOMOTIVE TAXES⁵
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5. Member E

No	HS heading	Product description	Non-tariff barriers	Solution	Comment
1	8703	Automotives – passenger cars	Car tax base is CIF price for imported vehicles compared to ex-factory price for locally produced cars.	No less favourable treatment for imported cars.	Problem of practice of inflated value for imported cars compared to local cars, upon which the tax is applied.

⁵ These requests are without prejudice to the existing rights of the EC under the WTO Agreements and in particular under Article III:2 of the GATT 1994.