

Tariff barriers to trade in goods apply not only to imports. While much less common than customs duties and other duties and charges on imports, Members also impose export duties. An export duty, be it a customs duty or another duty or charge on exports, is a financial charge or tax on exported products, due because of their exportation. Market exit of the products concerned is conditional upon the payment of the export duty. Neither the GATT 1994 nor any of the other multilateral agreements on trade in goods prohibits or specifically regulates export duties. Note that some WTO accession protocols, including China's Accession Protocol (2001) and Russia's Accession Protocol (2011) do prohibit or specifically regulate export duties.

### Exercise 6: Carlie goes to Europe

Dolls Я Us is a toy manufacturer from Goldtown, Richland, with production facilities in Richland, Newland and Farawayland.<sup>238</sup> Dolls Я Us produces a wide range of toys but is best known for a doll named Carlie. In view of Carlie's success in the United States, Dolls Я Us wants to explore the possibility of marketing Carlie in the United Kingdom. Carlie is a Barbie-like doll with a plastic body, artificial hair and three sets of clothes. The plastic body parts are produced in Newland. The hair and the clothes are produced in Farawayland. Carlie is only assembled and packaged in Richland. It is expected to sell at £10 per doll in the United Kingdom.

The UK's Customs Service has informed Dolls Я Us that the customs duty on Carlie will amount to 15 per cent *ad valorem* and that the value will be determined on the basis of the sales price on the domestic market in Richland. Dolls Я Us challenges both the level of the duty and the manner in which the Customs Service intends to determine the value of the dolls for customs purposes. It also disagrees with the Customs Service that the country of origin of Carlie is Richland and not Newland. Furthermore, Dolls Я Us considers that Carlie is not really a toy but rather a collector's item. Finally, it wonders whether, for the customs classification of Carlie, it makes a difference whether Carlie is imported as a finished product or in parts still to be assembled.

The UK Customs Service also informs Dolls Я Us that all imported dolls are subject to an import surcharge of £0.30 per doll as well as a special customs-handling fee of 0.2 per cent *ad valorem*. This fee goes to the Customs Service's Fund for Disfavoured Children.

To boost its sales of Carlie in the United Kingdom, Dolls Я Us plans to send buyers of this doll, upon their request, short movies on the wondrous adventures of Carlie. These movies are sent from Richland by e-mail. Dolls Я Us is concerned about the rumour that the European Commission is considering the introduction of a customs duty on movies imported into the European Union via the Internet.

<sup>238</sup> Farawayland is a least-developed country currently negotiating its accession to the WTO.

The Government of Newland, eager to promote the development of its toy industry, has announced that they will introduce an export duty of 10 per cent *ad valorem* on plastic body parts of dolls.

Dolls Я Us is 'disappointed' by the information received from the UK's Customs Service, and concerned about the rumours on the 'movies duty' as well as about Newland's planned introduction of an export duty. It has asked its law firm, Gandhi, Bhatia & Ganesan, an Indian law firm with offices in London, for legal advice on the WTO-consistency of the various measures referred to above. You are a junior lawyer working at Gandhi, Bhatia & Ganesan and you have been tasked with preparing a note on the legal advice sought by Dolls Я Us. The senior partner of the law firm has warned you not to forget to check the EU's Goods Schedule as well as the EU's Common Customs Tariff.