



# The Common External Tariff (CET) – Rates Structure

**CARICOM Secretariat**

## Decision to reduce rates

**The Conference of Heads of Government agreed that tariff rates applied by Member States will from 1 January 1993 be progressively reduced over a period of five years according to a timetable (See Table I).**

		<b>RATE STRUCTURE</b>	
<b>Period of Application</b>	<b>Period Allowed to Effect Application</b>	<b>MDC</b>	<b>LDC</b>
1 <sup>st</sup> January 1993 to 31 <sup>st</sup> December 1994	1 <sup>st</sup> January 1993 to 30 <sup>th</sup> June 1993	5% to 30/35%	0-5% to 30/35%
1 <sup>st</sup> January 1995 to 31 <sup>st</sup> December 1996	1 <sup>st</sup> January 1995 to 30 <sup>th</sup> June 1995	5% to 25/30%	0-5% to 25/30%
1 <sup>st</sup> January 1997 to 31 <sup>st</sup> December 1997	1 <sup>st</sup> January 1997 to 30 <sup>th</sup> June 1997	5% to 20/25%	0-5% to 20/25%
1 <sup>st</sup> January 1998 Onwards	1 <sup>st</sup> January 1998 to 30 <sup>th</sup> June 1998	5% to 20%	0-5% to 20%

## Intention for minimum and maximum rates

**The intention of the reduction was to achieve a minimum rate of 0-5% and a maximum rate of 20% in the CET to be applied from 1 January 1998.**

## Criteria used to establish the Rate Structure

**A Working Group of experts appointed by the Conference of Heads developed a set of guidelines out of which eight principles were formulated as a basis for determining the rate structure of the CET.**

## Eight principles that determined the rate structure

- 1. International competitiveness**
- 2. Government revenue**
- 3. Cost-of-living**
- 4. Efficient production for the regional market**
- 5. Removal of duty exemptions regime**
- 6. Commodity based tariff**
- 7. Simplification and transparency**
- 8. Special measures for less developed countries**

## Rates assigned to various categories

**The rates which are assigned to the various categories of products during the various periods of implementation are set out at Table 2.**



**Table 2 – Rate Treatment and Period of Application**

PRODUCT CATEGORY	RATE TREATMENT AND PERIOD OF APPLICATION						
	COMPETING				NON-COMPETING		
	1.1.93 to 31.12.94	1.1.95 to 31.12.96	1.1.97 to 31.12.97	From 31.12.98	1.1.93 to 31.12.96	1.1.97 to 31.12.97	From 31.12.98
<b>INPUTS</b>							
- primary	20%	15%	10%	10%	5%	5%	5%
- intermediate	25%	20%	15%	15%	5%	5%	5%
- capital	20%	15%	10%	10%	5%	5%	5%
<b>FINAL GOODS</b>	30/35%	25/30%	20/25%	20%	25%	20/25%	20%



## Rates on competing and non-competing inputs

**The rates which are assigned to the various categories under the CET on competing and non-competing inputs are set out at Table 3.**

**Table 3 – CET Treatment of Inputs**

PRODUCT CATEGORY	RATE TREATMENT WITH EXAMPLES						
	COMPETING					NON-COMPETING	
	1.1.93 to 31.12.94	1.1.95 to 31.12.96	1.1.97 to 31.12.97	From 1.1.98	Examples	From 1.1.93 onwards	Examples
<b>INPUTS</b>							
Primary	20%	15%	10%	10%	Limestone, certain species of wood.	5% (LDC 0-5%)	Human hair, Tonka beans, gum resins, certain ores, hides and skins, cork
Intermediate	25%	20%	15%	15%	Tapioca, mustard flour, paints, cartoons and boxes of paper or paperboard.	5% (LDC 0-5%)	Laundry blue, tyres for retreading, certain paper products, textile yarns and fabrics, certain iron and steel products.
Capital	20%	15%	10%	10%	Grooved rollers, trash plates for sugar manufacture, office furniture.	5% (LDC 0-5%)	Machinery and mechanical appliances.

## Rates on competing and non-competing inputs

The rates which are assigned to the various categories under the CET on competing and non-competing final goods are set out at Table 4.

**Table 4 – CET Treatment of Final Goods**

RATE TREATMENT WITH EXAMPLES					
CATEGORY	RATES				EXAMPLES
COMPETING FINAL GOODS	1.1.93 to 31.12.94	1.1.95 to 31.12.96	1.1.97 to 31.12.97	From 1.1.98	Shampoos, toothpaste, garments, radio and television receivers, vacuum cleaners, floor polishers
	30/35%	25/30%	20/25%	20%	
CATEGORY	RATES				EXAMPLES
NON- COMPETING FINAL GOODS	25%	20/25%	20%		Table glassware, paper knives, letters openers, floor coverings, vacuum cleaners, floor polishers.

## Items Accorded Special Treatment

**A range of items falling within the input and final goods categories are given special treatment in the assigning of special rates (See Table 5).**

**Table 5 – Items accorded special treatment**

**Articles qui ont été accordés un traitement spécial**

Item	Article	Rate/Taux
Selected exports – natural asphalt, methanol, urea, plywood and certain non-alloy steel products	Exportations sélectionnées, asphalte naturelle, méthanol, urée, plywood et certains produits en acier non alliées	20%
Agricultural and agricultural inputs	Entrées agricoles	40%
Safety	Sécurité	Zero
Cost-of-living	Coût de la vie	20%
Socio-economic/cultural	Socio-Economique et culturel	0-20%
Rice	Riz	25%
Sugar (raw, refined and icing)	Sucre (brut, raffinée, glacée)	40%, 40% and 20% respectively
Citrus	agrumes	40%
Plastic bags	Sacs en plastique	25%
Unprinted paper bags	Sacs en papier non imprimés	25%
Glass bottles for soft drinks, beer, wine, spirits	Bouteilles de verres pour boissons non alcoolisés, bière, vin, spirits	25%
Crown corks and bottle caps	Capsules de bouteilles	25%
All other types of packaging material	Tous autres types de matériels d'emballage	5%

# GOODS ELIGIBLE FOR DUTY EXEMPTIONS

## Grant of Exemptions

**Integral to the CET regime is an arrangement which enables the grant of exemptions from the duties ordinarily payable where goods are imported from outside the single market and are to be used for certain approved purposes or by approved individuals or organizations.**



## List of Conditional Duty Exemptions

**‘The List of Conditional Duty Exemptions’, regime ensures uniformity in the application across the single market of the duty exemption arrangements. The operation of the regime is also guided by a set of uniform rules.**

## Eligibility

**Under this arrangement only those imports from outside of the single market which are intended for use in the following specific circumstances would be eligible for duty exemption.**

## Goods eligible for duty exemption

**For industry, agriculture, fisheries, forestry and mining;**

**For purposes connected with tourism;**

**For shipping;**

**For approved purposes connected with aircraft;**

**For education and cultural purposes;**

**For health**

## Goods eligible for duty exemption

**For government and governmental purposes;**  
**For military forces;**  
**For diplomatic missions, international organizations and personnel;**  
**In connection with the movement of persons;**  
**and**  
**For other approved purposes.**

Under this arrangement a Member State is free to:

**Grant exemption from the full amount of import duty ordinarily payable;**

**Grant a tariff concession that is less than the full exemption or grant no duty exemption at all; and also to**

**Determine who is to be the beneficiary of the exemption.**

# GOODS INELIGIBLE FOR DUTY EXEMPTIONS

## Items ineligible of duty exemption

**The duty exemption arrangements under the CET also identify items that are ineligible for duty exemption. The list of items ineligible for conditional duty exemption is divided into Parts I and II.**

## Rationale for The List of Ineligible Items

**The List of Ineligible Items had its origin in the thrust to provide an appropriate regime in favour of inputs and final goods that are produced within the single market at levels of output that can satisfy a minimum of 75% of regional demand for those goods.**

**The inclusion of any goods in the List of Ineligible Items is based on the criterion of supply capability.**



## Part I items not eligible in exceptional cases

**However, the items which are included in Part I of the List of Ineligible shall not be eligible for exemption or reduction of duty where they are imported for use in approved industry, agriculture, fisheries, forestry and mining, except;**

**These exceptional cases include:**

**(i) when the item is imported for use in new investment or for substantial expansion; or**

**(ii) When the item is provided by a country or an international institution in the context of development finance with a view to assisting the economic development of the importing Member State;**

## Exceptional cases (con't)

**(iii) when the agreement between the importing Member State and the donor country or international institution requires sourcing from a particular extra-regional source on a concessional duty basis.**

## Goods imported for other approved purposes

**Additionally, the items which appear in Part I and Part II of the List of Ineligible will not be eligible for duty exemption or duty reduction where these commodities are imported “for other approved purposes” contemplated in Section XI of the List.**

## Please note one exception

**Except where the Competent Authority in the importing Member State is satisfied that the items are gifts or have been provided on a concessional basis.**

## Rehabilitation or relief following natural disaster

**In Section XI - For Other Approved Purposes, Item 23 provides for Duty exemption or duty reduction where goods (including foodstuff) are imported for use in rehabilitation or relief following natural disaster, as approved by the Competent Authority, except that the ineligibility will not apply where the Competent Authority is satisfied that the items are gifts or have been provided on a concessional basis.**

**Thank you**

**Any Questions?**