

Other Nontariff Barriers

There are a number of other nontariff barriers that do not lend themselves to easy classification. They relate to certain internal taxes and regulations, safety and other standards, marks of origin, labeling requirements, and other measures that can and often do have a restrictive effect on trade. Only those that have been the subject of recent complaints will be discussed in any detail.

The possible trade effects of differences in taxation policies among Atlantic area countries are discussed in Chapter VIII. However, it should be reiterated here that border taxes imposed on imported goods to compensate for indirect taxes borne by domestic products are not necessarily trade-neutral, nor are the rebates of indirect taxes when products are exported. Such border tax adjustments can have trade-distorting effects that are comparable to those of tariffs and export subsidies. This is particularly true with respect to *changes* in border tax adjustments, whether or not accompanied by changes in internal taxes.⁸³

Another problem relating to internal taxes is annual automobile road-use taxes imposed by France, Belgium, Italy, and Austria. The effect of these taxes, which are sharply progressive and are assessed on the basis of certain physical characteristics rather than on the value of the vehicles, is to discriminate against larger automobiles, principally those of U.S. manufacture.

France, Belgium, and Italy assess road taxes according to fiscal horsepower, which is calculated from a tax formula that differs in each country but relates to such vehicle characteristics as number of cylinders, cylinder capacity, and weight. Austria imposes a road tax based on cylinder capacity. French, Belgian, and Austrian taxes decline with the age of the car, but the Italian tax is collected every year without any diminution.

The following schedule of road taxes in France is illustrative of the discriminatory effects of these countries' taxes. The

to the United Kingdom. See U.K. Board of Trade press release, March 24, 1966.

⁸³ The EEC objective of harmonizing tax policies and border tax adjustments will involve far-reaching changes in both the method of assessing taxes and the tax rates.