

Fiscal horsepower	French francs	U.S. dollars
4 h.p. or less	60	12
5 to 7 h.p.	90	18
8 to 11 h.p.	120	24
12 to 16 h.p.	150	30
Over 16 h.p.	1,000	200

French tax is gradually progressive, but it jumps by 567 per cent on automobiles over 16 fiscal horsepower. This much higher tax on larger-engined vehicles applies principally to imported U.S. automobiles; it does not apply to any French production-line vehicle, nor does it apply to most other European cars.⁸⁴ The progressive nature of this tax is defended on the grounds that larger, more expensive cars should bear higher taxes. However, because fiscal horsepower has no necessary relationship to value, larger-engined U.S. cars bear a higher tax than smaller-engined European cars, even though the latter may be more expensive. For example, a Porsche 356 C/*Carrera* (retailing in France for 45,000 francs, with a rating of 11 h.p.) bears a road tax of 120 francs, while a Chevrolet *Chevelle* (retailing at 22,490 francs, with a rating of 18 h.p.) bears a road tax of 1,000 francs.⁸⁵ The Chevrolet, costing half as much as the Porsche, is subject to a tax more than eight times greater.

Japan imposes a commodity tax, payable only once, that is levied on the manufacturer's sales price of domestically produced cars and on the c.i.f. duty-paid value of imported vehicles. The tax rates are 40, 30, and 15 per cent, depending on engine capacity, wheelbase, and body width of the vehicle. All standard-size U.S. cars are subject to the 40 per cent rate; almost all Japanese cars fall in the 15 per cent rate category.⁸⁶

It is not possible to estimate the trade-deterrent effects of these taxes, because they cannot be isolated from other factors

⁸⁴ France also imposes a registration fee based on fiscal horsepower. On January 1, 1967, this fee was to be increased from 13.2 to 20.0 francs per unit of fiscal horsepower on automobiles having a horsepower rating of 13 or more. There is no French production of automobiles that will be subject to the increased fee.

⁸⁵ These prices are taken from *L'Argus de l'Automobile*, May 28, 1964.

⁸⁶ In addition to the commodity tax, Japanese prefectures levy an annual automobile tax graduated on the basis of cylinder capacity and wheelbase.