TABLE 8

Product	Type of Restriction	Estimated Impact on U.S. Trade	Trade Agreement Status	Remarks
Valuation and Taxes (Cont'd)				
Majority of items imported	Compensatory import tax of up to 7.8%	Severe on many important goods, but estimate of increased imports not possible	Legal[1/] and negotiable, affects bound items	Tax is levied to compensate for internal "Turnover Tax" but no clear relation between two seems to exist. Moreover, base is c.i.f. plus discount allowance plus duty, which inflates base. It will be replaced by a value-added tax to become effective not later than January 1, 1970, which will eliminate the discriminatory features of the present turnover tax system.
Automobiles	Road Tax	Severe, but estimate of increased imports not possible	Legal and negotiable.	Based on cylinder displacement, this tax applies heavily on powerful American vehicles. At the recent Kennedy Round negotiations an agreement was reached to consider elimination of the discriminatory features of the tax in return for U.S. modification of the American valuation system for imports