
Gulf Arab states may scrap charging import duties

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Reuters reported that Gulf Arab states are likely to scrap a system of charging import duties for the benefit of the state of final destination in 2009, the last step in implementing a regional customs union.

The report cited Saeed Khalifa Al Marri deputy director general of the UAE Federal Customs Authority as saying that “Saudi Arabia, the UAE, Oman and Kuwait are supporting a plan to introduce a simplified customs duty collection system.”

Mr Marri said that “Under the proposal, each Gulf state would keep 95% of the customs duties it collects at ports of entry and transfer 5 per cent to a central account at the Gulf Cooperation Council General Secretariat. The GCC would then redistribute the funds it collects to each of the six states, which also include Qatar and Bahrain, based on a pre-determined formula.”

He said that “We are looking at scrapping the final destination system, this is the final phase of the customs union.”

He added that “The decision, which has to be unanimous, now sits with Gulf finance ministers, who are due to meet next in Jeddah in September. Our target is that by January 1st 2009, we should implement the final phase of the customs union.”

GCC introduced a customs union in 2003 as one preparatory step to the formation of a regional common market. The main feature of the union was the introduction of a consistent 5% tariff charged at the first Gulf port of entry, after which the goods can move freely through the region. Under the final destination framework, tariffs collected at the first port of entry are pocketed by the country of final destination.

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