

### **Oman's breach of its WTO obligations**

In December 2015, the Supreme High Committee of the Gulf Cooperation Council took a decision which amended the fixed amount (minimum specific) duty on tobacco and its derivatives in the Common External Tariff of the Gulf Cooperation countries. This amendment was equivalent to doubling the fixed amount applicable to tobacco products. The decision of the Supreme High Committee also specified that the implementation of that amendment was conditional upon the Gulf Cooperation countries not breaching their WTO commitments.

On 1 September 2016, **Oman** doubled the fixed amount of its customs tariff on imports of tobacco products. Before 1 September 2016, Oman's customs tariff was the highest of:

- 100% of the price of the product or
- a fixed amount of **10** Omani Riyals / 1000 cigarettes.

Since 1 September 2016, Oman has imposed a new customs tariff; i.e. the highest of:

- 100% of the price of the product or
- a fixed amount of **20** Omani Riyals / 1000 cigarettes.

As a Member of the WTO, Oman has made commitments when joining the organisation, binding the maximum customs duties it may levy on imported products, including cigarettes. Article II.1(b) of the General Agreement on Tariffs and Trade (GATT) prohibits Members from imposing ordinary customs duties exceeding the bound rates.

Oman's WTO Schedule binds cigarettes to a 150% duty on the price of the product. The application of Oman's new tariff results, for cigarettes within a certain price range, in the application of duties significantly higher than the 150% bound rate. Oman's new tariff is thereby a clear violation of its obligation under Article II.1(b) GATT and is highly disruptive to trade.

If Oman is not convinced to retract its law, other GCC countries are likely to follow its example, particularly given the tendency of GCC countries to harmonise tariffs. This will further affect EU exports.