

UNITED NATIONS
ECONOMIC
AND
SOCIAL COUNCIL



Distr.
GENERAL

E/CN.3/254
5 February 1958

ORIGINAL : ENGLISH

STATISTICAL COMMISSION
Tenth session
Item 7 (a) of the provisional agenda

Customs Areas: Free Ports and Free Zones

(Memorandum by the Secretary-General)

1. The suggestion, was made by the Commission at its sixth session that the customs area of each country as defined by the country itself should constitute the basis upon which the trading partners of each country compiled their statistics of trade-by-countries. The Commission at its ninth session recommended a definition of customs area to be applied, where possible, in compiling the list of customs areas being prepared by the Secretary-General (E/2876, para. 42) and further suggested that the Secretary-General enumerate free ports and free zones, indicating, where possible, the magnitude of the trade of each and describing its statistical treatment (E/2876, para. 43).

2. The Secretary-General has collected data on free ports and free zones from documentary sources and has sent them to governments for verification and completion. It is intended to include the available information in the revised edition of the preliminary document "Customs Areas of the World" (E/CN.3/L.35) which is expected to appear later in 1958.

3. A draft definition for statistical purposes of Free Areas was suggested to governments to promote uniformity in the statistical data. The following text embodies the suggestions received from governments.

A free area is a precisely delimited geographical area access to which is supervised by the customs administration and into which merchandise of every description, except such as is prohibited by law, may enter from abroad without being subject to duty or import controls and from which merchandise of every description, except such as is prohibited by law, may be sent to a foreign destination without being subject to export tax or export controls.

The definition is intended, by its emphasis on geographic delimitation and on accessibility to goods of all kinds, to distinguish between free areas on the one hand and customs bonded warehouses and factories on the other. Retail shops at certain airports, where consumer goods, normally subject to high rates of duty, can be purchased free of duty by international travellers, since they are accessible only to a limited class of goods, are not classified as free areas under the proposed definition. The Secretary-General has ascertained that in the Netherlands the statistical treatment of movements into and out of these shops is the same as that accorded to movements into and out of bonded customs warehouses, and that in Ireland movements from inside Ireland into Shannon Free Airport are treated statistically as exports to a foreign country while shipments from abroad directly to the Free Airport are not statistically controlled.

4. The Commission will notice that the definition of Free Zone quoted below from Chapter I of International Standards and Recommended Practices which is Annex 9 to the ICAO Convention on International Civil Aviation, appears to be applicable inter alia to certain customs bonded warehouses and therefore to be too broad for the statistical use which the Commission has in mind.

Free Zone. An area where merchandise, whether of domestic or foreign origin, may be admitted, deposited, stored, packed, exhibited, sold, processed or manufactured, and from which such merchandise may be removed to a point outside the territory of the State without being subjected to customs duties or internal consumer taxes or, except in special circumstances, to inspection. Merchandise of domestic origin admitted into a free zone may be deemed to be exported.

5. The Commission may wish to take note of the progress made in revising the List of Customs Areas and to comment on the definition of Free Area which it is proposed shall be used in revising the list.
