

WORLD TRADE ORGANIZATION

RESTRICTED

G/TRIMS/N/1/VEN/1

12 April 1995

(95-0914)

Committee on Trade-Related Investment Measures

Original: Spanish

NOTIFICATION UNDER ARTICLE 5.1 OF THE AGREEMENT ON TRADE-RELATED INVESTMENT MEASURES

Venezuela

The following communication, dated 31 March 1995, has been received from the Permanent Mission of Venezuela.¹

(i) Description of the measure and its main features:

On 13 September 1993, in the framework of the Cartagena Agreement, and in particular pursuant to Chapter IV, Section B, Colombia, Ecuador and Venezuela signed the Complementarity Agreement for the Automotive Sector with the object of adopting a common policy to promote specialization in the sector and take advantage of the extended subregional market in a rational manner and under equitable competitive conditions.

In Venezuela, the National Executive issued the Rules for the Development of the Automotive Industry on 22 December 1993. These Rules require vehicle assembly enterprises to include a percentage of local content in vehicles assembled in the country. This policy is made more flexible at the subregional level, with assembly enterprises being required to include a minimum percentage of content produced in the signatory countries to the Agreement, rather than local content.

1. The category in the illustrative list under which the measure falls.

In accordance with the list in the TRIMS Agreement, the measures fall under the category indicated in paragraph 1(a).

2. Whether the TRIM is applied by the Government under discretionary authority or mandatory legislation?

The TRIM has been applied pursuant to the following legislation: Decree No. 3.303, dated 22 December 1993 (Official Gazette No. 35.386, dated 21 January 1994); Decree No. 121, dated 13 April 1994 (Official Gazette No. 35.455, dated 6 May 1994); and Resolution No. 0001 issuing

¹The responses in this notification respond to the points contained in the agreed format for notifications under Article 5.1, circulated in document G/TRIMS/1.

Rules for the Development of the Automotive Industry, dated 2 January 1995 (Official Gazette No. 35.624, dated 4 January 1995).

3. Where the TRIM is general in nature, what are the criteria determining to which enterprises it applies?

The TRIM applies to all national or foreign vehicle assembly enterprises in Venezuela.

4. Where the TRIM is applied pursuant to mandatory legislation, does the legislation require the measure to be applied to new enterprises or new investments of existing enterprises?

Both the above-mentioned Decree No. 3.303 and Resolution No. 0001 are applicable to all assembly enterprises (national or foreign) in the country and to any others which may be established in future.

5. Whether compliance with the measures by enterprises is (a) mandatory or enforceable under domestic law or administrative rulings or (b) necessary to obtain an advantage? In the latter case, describe the nature of the advantage.

Compliance with the measure by the enterprise is mandatory to obtain an advantage. This advantage consists of being able to make use of the special importation régime (CDK Régime), under which the imported inputs for the assembly of vehicles are subject to a duty of 3 per cent (3%).

6. When the TRIM relates to specific products, provide sufficient detail on these products to define the scope of the measure.

The percentages for minimum content apply to the assembly of two categories of vehicles:

- (a) Category 1, which includes: automobiles, their chassis fitted with engines and bodies; motor vehicles designed to transport a maximum of 16 persons including the driver; and goods vehicles with a total maximum loaded weight of up to 4.537 tons.
- (b) Category 2 includes all motor vehicles not covered by Category 1.

7. The date of implementation of the TRIM and the nature of any modification of the TRIM effected within 180 days prior to the entry into force of the WTO Agreement.

The measure has been applicable in Venezuela since the adoption of Decree No. 3.303 of 22 December 1993. Resolution No. 0001, dated 2 January 1995, established a new formula for the calculation of content and requirements on incorporation of parts pursuant to the provisions of the Addendum to the Complementarity Agreement for the Automotive Sector, signed in May 1994.

8. Whether the TRIM, as applied under domestic law, includes provision for its phasing-down and/or elimination?

No provision is made for its phasing-down and/or elimination.

9. The domestic law, regulation or administrative guideline under which the TRIM is applied; a copy should be submitted to the Secretariat to be available for inspection by interested Members.

Copies are attached of Decree No. 3.303, dated 22 December 1993, Decree No. 121, dated 13 April 1994, and Resolution No. 0001, dated 2 January 1995.²

10. The level of Government applying the TRIM, the name of the implementing agency and any information on the procedures governing its application necessary to enable its nature and scope to be understood.

The Ministry of Development is the government body responsible for monitoring compliance with the TRIM, for which purpose it requires a minimum of one report every six months from assemblers for each category and one report each year established by entities specializing in audit and control, engaged directly by the manufacturing enterprises in the sector and in accordance with the provisions that may be established.

(ii) General information of the programme in question.

The policy of support to the auto sector is pursued by Venezuela in the framework of the Complementarity Agreement for the Automotive Sector of the Andean Group, which is designed as a measure to increase the competitiveness and efficiency of the regional automotive industry.

²Copies of these documents are available for inspection by interested delegations in the Secretariat (Intellectual Property and Investment Division).