URUGUAYAN IMPORT SURCHARGES

Text of the Act of 17 December 1959

In connexion with its request for a waiver regarding import surcharges, the Government of Uruguay has supplied the attached text of the Act of 17 December 1959, which is the basis of the Decree circulated in L/1426.

Act. The provisions authorizing the establishment of preferential exchange rates are repealed; the importation of all goods is declared free of restriction; measures are laid down for granting exemption from duty, and for levying surcharges on or prohibiting imports of products considered as non-essential or of a luxury character; a system for the sale of foreign exchange and for a withholding charge on exports is established, for the purposes specified; the rules governing the value and rate of exchange of the currency are amended; Act No. 10,000 is repealed; and the duties and personnel of the Office of the Controller of Imports and Exports are transferred to the Bank of the Republic.

The Legislature

The Senate and the House of Representatives of the Republic of Uruguay, meeting in General Assembly,

Decree as follows:

Article 1

With effect from the date of publication of the present Act, all provisions which establish or which authorize or permit the establishment of rates of exchange are repealed; the purchase and sale of foreign currency shall henceforth be governed by the free play of supply and demand;
Article 2

The importation of all goods, articles, products and other items is hereby declared unrestricted.

The Executive is hereby authorized:

(A) to require prior deposits on imports;

(B) to establish surcharges not exceeding 300 per cent of the c.i.f. price on goods, articles, products and other items considered non-essential, of a luxury character, or competitive with national products;

(C) to prohibit, completely or partially, in general or in particular, for a period not exceeding six months, imports of any goods, articles, products or other items considered non-essential, of a luxury character, or competitive with national products. The said prohibition may be renewed by means of further directives.

Not later than sixty days after the promulgation of this Act, the Executive shall issue regulations specifying the goods which are to be considered as non-essential, of a luxury character, or competitive with national products, after due consultation with the institutions most representative of commerce and industry.

Article 3

Foreign currency receipts in respect of exports shall be negotiated through the Bank of the Republic directly, or through private banks authorized to carry out exchange operations.

At the request of the Bank of the Republic, the Executive may exempt the private banks from the obligation to surrender the foreign currency, subject to the observance of the conditions laid down in the relevant regulations.

Article 4

For the purpose of paying for goods, importers may either purchase foreign currency in the market or, subject to such limitations as may be laid down by the Executive, employ the funds which they maintain abroad or use the credit facilities which they obtain for these purposes.

Article 5

The Executive is hereby authorized to grant temporary exemption from Customs duties and additional duties, from import charges or charges applicable in connexion with importation, from the tax on the transfer of funds abroad and from port dues, in respect of goods covered by article 1 of the Decree.
of 24 April 1959 and also in respect of the following: medicaments; films and equipment for radiography; medical and surgical equipment intended for the institutions covered by clauses A and B of Legislative Decree No. 10,384 of 13 February 1943; machinery, tools and other articles required for agriculture, cattle-raising and farming; fungicides, insecticides and fertilizers.

Article 6

For the purpose of complying with the requirements of the following article of this Act, the Executive, through the Bank of the Republic, shall withhold the undermentioned percentages from the proceeds in national currency of exports of the goods specified below:

(A) Greasy wool: between 25 per cent and 50 per cent;

(B) Washed and semi-washed wool: tops, yarn and by-products of the combing and spinning industries: between 5 per cent and 50 per cent;

(C) Flax seed; linseed oil; oil-cake and flour: between 5 per cent and 50 per cent;

(D) Sunflower seeds; sunflower oil; oil-cake and flour: between 5 per cent and 50 per cent;

(E) Groundnuts; groundnut oil; oil-cake and flour: between 5 per cent and 50 per cent;

(F) Wheat and wheat products (flour, meal and the like): between 5 per cent and 50 per cent;

(G) Beef of all kinds and howsoever prepared: between 5 per cent and 50 per cent;

(H) Hides and skins of cattle and sheep, dried and salted: between 5 per cent and 50 per cent.

The amount withheld shall be fixed in accordance with the physical volume, having regard to the national and international price of the product concerned and the rate prevailing for the peso, provided, however, that in the case of clause G the Executive may base the amount of the withholding charge on factors other than the physical volume.

The Executive may vary the rate of the withholding charge in the event of fluctuations of not less than 5 per cent in any particular case in any of the factors on which the charge is based. In that event the amount withheld shall be adjusted proportionately to the fluctuation in the said factors.

The withholding charges instituted by this Act shall be payable by all exporters without exception, even by those who enjoy general or specific tax privileges.
Article 7

The proceeds of the said withholding charges and of the surcharges established pursuant to article 2 shall be allocated in the manner described below:

(A) 20 per cent towards the reduction of the prices of meat, milk, bread, sugar, macaroni, spaghetti and the like, rice, mate, porotos, flour, kerosene, public transport and other goods and services considered necessary in the public interest;

(B) 20 per cent towards the protection and assistance of basic industries, the improvement of livestock, the development of the dairy industry, the promotion of afforestation and the development of agricultural, pig, poultry, fruit and horticultural production, within the general plan to be carried out. The objects of the said plan, which shall give preferential treatment to small and medium producers, shall be (among others): the establishment of experimental schools; soil conservation, improvement, irrigation and fertilization; establishment of pilot zones, pasture land, cattle farms and water supply systems; campaigns against livestock diseases and agricultural pests; development of the Instituto Filotécnico y Semillero Nacional "Dr. Alberto Boerger", and the financing of other goods and services intended for the development and preservation of the rural economy.

(C) 15 per cent towards the construction and improvement of public highways and other works and services considered essential for the development of the rural economy as determined by law.

The departmental authorities shall be responsible for allocating funds for the improvement of departmental and municipal roads.

(D) 35 per cent to offset the declines in harbour dues and general or assigned revenue which ensue from the tax exemptions established pursuant to article 5 and to offset the increased disbursements occasioned to public agencies and services in consequence of the abolition of preferential exchange treatment, to the extent to which it is considered necessary.

Beginning with the 1961 budget year, 2 per cent of this amount shall be set aside for the amortization without interest of the sum of 50 million pesos which the Bank of the Republic shall transfer to the Banco Hipotecario del Uruguay pursuant to article 14 of the present Act, until that contribution has been repaid in full. Thereafter, the 2 per cent referred to above shall be used for the purpose for which it was originally intended.
10 per cent to supplement the percentages fixed under clauses A and B, if these percentages should not suffice for the purposes of the allocation scheme.

In addition, out of this 10 per cent the Executive may use the sums necessary for the payment of outstanding State obligations in respect of any of the items referred to in the foregoing paragraphs.

Within the first fifteen days of each annual period, the Executive shall prepare an estimate of the proceeds and shall allocate the percentages. Any surplus remaining at the end of the budget year shall be used for the purposes referred to in clause B.

Article 8

Before 1 March 1960, the Executive shall request the necessary authority from the General Assembly for the fulfilment of the aims set forth in article 7 B, and shall prepare estimates of expenditure.

In subsequent years and having regard to the provisions of articles 214 and 215 of the Constitution, the Executive shall submit to Parliament for approval a plan of investments to achieve the purposes set forth in clause B, estimates of revenue, and expenditure accounts.

Article 9

Import licences granted or to be granted by the Controller of Imports and Exports out of the quotas made available by the Bank of the Republic before the entry into force of this Act shall be paid for at the rates of exchange prevailing on the date on which the said quotas were notified.

Similarly, the preferential treatment for the purchase of foreign exchange intended for the settlement of foreign trade obligations shall remain in force until 31 December of the current year.

Without prejudice to the provisions of article 2, until 1 January 1960 the system of unrestricted importation shall be limited to such products, articles and goods as may be determined by the Executive.

Article 10

Article 1 of Act No. 9,760 of 20 January 1938 shall be replaced by the following text:

"Article 1. The peso, the unit of currency of the Republic of Uruguay, shall consist of 0.136719 grammes of fine gold, of a fineness of 900 thousandths with a tolerance of plus or minus one-thousandth per unit and of two-thousandths in weight."
Article 11

Article 19 of Act No. 9,808 of 2 January 1939 is hereby amended and article 2 of Act No. 12,491 of 9 January 1958 is hereby repealed. The amended text of the said article 19 shall read as follows:

"Article 19. The notes accepted by the Banking Department against delivery of gold or fully convertible foreign exchange, and the withdrawal of the same by the Department of Issue, shall be governed by the statutory equivalents. The gold and foreign exchange shall be offered free of encumbrance and shall be the property of the Banking Department with no restriction whatsoever."

Article 12

Gold and silver released pursuant to the provisions of this Act shall form part of the metallic reserves of the Banking Department.

The Bank of the Republic may allocate an amount not exceeding the equivalent of US$20 million for the Currency Stabilization and Protection Fund.

Article 13

The Department of Issue shall immediately cancel the notes issued pursuant to article 19, paragraphs A and B, of Act No. 9,808 of 2 January 1939.

Any remaining notes issued pursuant to Act No. 11,074 of 24 June 1948 shall likewise be cancelled forthwith and the time limits established by Act No. 12,472 of 17 December 1957 shall therefore be abrogated.

Article 14

The proceeds accruing from the application of the new parity rate of the currency shall be used to cover the losses incurred by the Bank of the Republic in the controlled exchange market, after the sum of 40 million pesos has been credited to the "National Treasury" account and the sum of 50 million pesos has been paid over to the Banco Hipotecario del Uruguay to supplement that institution's capital.

Article 15

The decrees enacted by the Executive by virtue of the authority conferred by this Act shall be communicated to the Legislature within ten days of issuance, without prejudice to the relevant provisions of article 215 of the Constitution.
Article 16

On 1 January 1960, Act No. 10,000 of 10 January 1941 shall cease to have effect to the extent to which it conflicts with the provisions of the present Act; the Directorate of the Bank of the Republic shall assume the functions vested in the Honorary Commission of the Controller of Imports and Exports by existing laws and regulations insofar as these functions are consistent with the regulations hereby enacted. In the draft general budget of salaries and expenditure provision shall be made for including in the budget of the Bank of the Republic the personnel of all categories of the Office of the Controller of Imports and Exports, subject to the relevant rules and without prejudice to the statutory rights of its staff. The Bank shall submit to the Executive the regulations applicable to the personnel incorporated as aforesaid.

Article 17

This Act shall take effect as from its promulgation by the Executive.

Article 18

All provisions inconsistent with this Act are hereby repealed.

Article 19

This Act shall be communicated, etc....