URUGUAYAN IMPORT SURCHARGES

Report under the decision of 8 May 1961

The following report has been submitted by the Government of Uruguay:

"The decision by the CONTRACTING PARTIES dated 8 May 1961, authorizing Uruguay to apply certain import surcharges, requires Uruguay to submit an annual report on action taken to reduce or eliminate those surcharges and on the circumstances which in its view still justify the application of the surcharges not yet eliminated. Moreover, Uruguay is required to consult with the CONTRACTING PARTIES not later than the last session of each year as to the nature of its balance-of-payments difficulties, alternative corrective measures which may be available, and the possible effect of the surcharges on the economies of other contracting parties.

"Members of the Council have already received documents Spec(61)290 and Spec(61)291 containing the text of the decision taken by the Executive Board of the International Monetary Fund on 2 August last following consultations with Uruguay pursuant to the Fund Agreement, together with full information regarding the recent evolution of the Uruguayan economy.

"The documentation referred to above shows that certain favourable developments have occurred during the period considered. The Uruguayan Government considers, however, that it is not yet in a position to modify the system of surcharges as approved by the CONTRACTING PARTIES less than five months ago because of the continuing existence of some of the basic reasons for the institution of that system. For example, it should be borne in mind that during the period 1953-1960 Uruguay's trade balance showed a deficit of over $300 million and it is difficult to offset such a deficit in a short time.

"Moreover, the problems created for countries like Uruguay by the constant deterioration in terms of trade - that is to say the drop in prices of their export products and the rise in prices of products which must be purchased abroad - are well known. It is unnecessary to refer at length to this point which, while well known to all contracting parties, is nevertheless of capital importance for Uruguay."
"In these circumstances, it is desirable to maintain a prudent attitude having regard to future developments, despite the fact that the Uruguayan Government is resolved to reduce and eventually to eliminate the surcharges in question to the extent that it succeeds in overcoming the adverse factors which have brought about the present situation.

"There seems no need to go into further details since the documentation supplied by the International Monetary Fund contains all necessary explanations."