URUGUAYAN IMPORT SURCHARGES

Report under the Decision of 8 May 1961

1. By the Decision of 8 May 1961 the Government of Uruguay was released from the obligations set forth in Article II, paragraph 1, of the General Agreement to the extent necessary to allow it to apply import surcharges to certain items specified in Schedule XXXI, as a temporary measure taken as part of its stabilization and development programme.

2. The waiver specifies that Uruguay must submit an annual report on action taken to reduce or eliminate the above-mentioned surcharges and on the circumstances which, in its view, still justify the application of the surcharges not yet eliminated. In addition, Uruguay is required to consult with the CONTRACTING PARTIES 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.

3. The report on the last consultation, which was completed on 28 September 1962, and the basic documentation furnished for it by the International Monetary Fund, show the reasons why, despite its intention to reduce and eventually eliminate the surcharges in question, the Government of Uruguay has found itself compelled by circumstances to maintain and in certain cases to reinforce them.

4. In fact although in 1961 there was some improvement in the deficit which Uruguay's trade balance has shown for some time past, nevertheless during the period 1959-1961 this deficit reached the level of $195.4 million to which should be added for the first half of 1962 a deficit of $10.2 million, and this latter figure will probably be much higher by the end of the budget year.

5. It should be pointed out, furthermore, that despite the relative improvement in the level of Uruguay's exports, any real possibilities for expanding exports - and accordingly for increasing Uruguay's external purchasing power - are being impaired by various obstacles which are such as to have led Uruguay to have recourse to the provisions of Article XXIII of the General Agreement, as representatives of the contracting parties are already aware.

6. Likewise, the problems arising for countries like Uruguay because of the constant deterioration of terms of trade are well known; this tendency has persisted for a long time - and the recent GATT report on international trade corroborates this for 1961 - and so far as Uruguay is concerned it affects one of the
principal export products, namely meat for which the average price, after having been $537 per ton during the period 1951-1955, reached only $437 per ton for the first four-month period of 1962.

7. In such circumstances the Government of Uruguay considers that it is not in a position to be able to change its attitude, for the time being, without running increased risks. Nevertheless it once more states its firm intention to reduce and eliminate the surcharges in question as and when the adverse factors affecting the present economic situation are overcome.