The following communication from the permanent representative of Uruguay, dated 9 February 1970, has been received by the Director-General.

In accordance with the provisions of the Decision of 26 July 1968 (L/3051) I have the honour to present the following information as required under the operative part of that Decision.

During the period from 26 July 1968 to the present time, the Uruguayan Government has pursued, with no changes of any kind, the foreign trade policy previously decided upon, as described to the Committee on Balance-of-Payments Restrictions on 26 April 1968 (document L/3006) the report of which served as a basis for drafting the text of the Decision of 26 July 1968 (document L/3006, Annex 1).

On that occasion we pointed out that the Government of Uruguay, within the framework of the economic measures it had taken since November 1967, had eliminated all import prohibitions by the Decrees of 6 November and 1 December 1967 and 9 January 1968.

It was further pointed out however that, notwithstanding this, it had proved indispensable to maintain provisionally a system which, due to the reasonable application of a system of import surcharges, took full account of the gravity of the balance-of-payments situation.

The Government of Uruguay now wishes to state that since the last consultation with Uruguay in the Committee on Balance-of-Payments Restrictions in 1968, no quantitative restrictions of any kind have been introduced. While the general system of surcharges has been maintained without any modifications, some reductions in the level of these surcharges have been made in respect of certain products.
The Government of Uruguay considers, nevertheless, that despite the improvement resulting from the stabilization plan and the anti-inflationary measures which were introduced, the current situation of the national economy fully justifies the maintenance of the surcharge system.

We consider that the trade deficit, which is expected to amount to more than $6 million, together with the fact that some 50 per cent of the wool clip has not yet been marketed and taking into account the situation of our international reserves (notwithstanding that we have met our medium-term international obligations and have recovered a certain amount of gold) compel the Government to pursue a strict policy to protect these reserves, and this necessarily implies the maintenance of the current system. The latter also safeguards the policy of improving financing for the public sector which is an essential dynamic element in the economic policy of the Uruguayan Government.

In the light of the foregoing, the Government of Uruguay has instructed me to request an extension, for a reasonable period, of the Decision authorizing the application of import surcharges, on the understanding that the authorization would remain subject to the conditions laid down in the Decision of 8 May 1961.