The following communication, dated 21 May 1976, has been received from the Permanent Delegation of Portugal.

Extension of the Import Surcharge

1. Decree-Law No. 271-A of 31 May 1975, subsequently revised by Decree-Law No. 701-F of 17 December last, introduced an import surcharge effective until 31 December 1975 (see L/4185/Add.1). Later, by Decree-Law No. 753/75 of 31 December 1975, the duration of Decree-Law No. 271-A was extended until 31 March 1976.

2. As stated in the preamble of Decree-Law No. 271-A the introduction of the import surcharge scheme should be regarded as one of the instruments of economic intervention, aimed at effecting a significant change in the balance-of-payments situation. It was also said that this restrictive measure would be complemented by a number of economic policy measures, with a view to stimulating production and discouraging non-essential goods consumption.

3. Some measures of general economic policy, and others of a more limited scope, have been taken by the Portuguese Government. Nevertheless, it has not proved possible, so far, to adopt an integrated set of sufficiently effective measures to ensure recovery of the national economy. These are currently under consideration.

4. In 1975, the balance of payments and trade showed deficits of Esc 27 and 41.1 thousand million, respectively. While the positive effects of measures taken hitherto have not yet shown the expected impact, it has been deemed imperative to prevent further depletion of the country's payments resources and to ensure a more rational utilization of the latter, for imports of essential goods.
5. The surcharge contributed substantially to the reduction of imports in 1975. The international economic crisis and difficulties facing the internal system of production should also be mentioned as additional factors responsible for the decrease of Portuguese imports during that period.

6. For the above reasons, the Portuguese Government have found it necessary to extend until 31 December 1976 the enforcement of Decree-Law No. 271-A/75, as revised by Decree-Law No. 701-F/75. The new Decree-Law (No. 225-g/76) applies to goods listed in Annexes I and II to this Notification.

7. The provision referred to in sub-paragraph (h), paragraph 4 of L/4185/Add.1 (page 4) has been modified. According to the new text, exemption from, or reduction of, the surcharge under Article 5 of Decree-Law No. 271-A/75, will not be granted whenever total surcharge due on goods declared in the same application amounts to Esc 10,000 or less.

8. Doubts which may arise regarding interpretation of the new Decree-Law, will be solved by formal joint decision of the Ministers of Finance and External Trade and, wherever the nature of cases so warrants, by the Minister of Internal Trade.