COUNCIL

URUGUAYAN IMPORT SURCHARGES

Draft Decision

CONSIDERING that the Government of Uruguay has notified the CONTRACTING PARTIES that, pursuant to its Act of Parliament of 17 December 1959, which lays down the general principle of free imports, the Government has declared by Decree dated 29 September 1960, that all imports into Uruguay shall be unrestricted;

CONSIDERING, however, that the same Decree, on the basis of the power provided in the Act, provides that imports into Uruguay shall be subject, in addition to the customs duty, to surcharges or prior deposits at rates specified in the Decree or in schedules annexed thereto;

CONSIDERING that the Government of Uruguay is of the view that the elimination of quantitative restrictions on imports represents a significant progress in the direction of freer trade, that the new measures have resulted in a simplification of the previous system of surcharges and prior deposits, and that the current measures are at present necessary in order to stop a serious decline in its monetary reserves and to redress the deficits in the balance of payments;

CONSIDERING that, whereas the prior deposits imposed by the Decree are declared by the Government of Uruguay to be a measure applied under the provisions of Article II (unrevised) of the General Agreement, the surcharges are inconsistent with the provisions of Article II of the General Agreement insofar as they apply to products on which Uruguay has assumed obligations under Article II and which are specified in Schedule III annexed to the General Agreement;

CONSIDERING that the Government has declared its firm intention, with the progressive realization of its stabilization and development plan, of proceeding with a further simplification of its exchange system and with the elimination of the surcharges by a thorough reform of the customs tariff;
HAVING CONSULTED fully with the International Monetary Fund in accordance with Article XV:2 of the General Agreement, and considering that the Fund has advised that despite a recent improvement resulting in large part from a movement of "the measures applied by Uruguay to restrict imports, including the import surcharges, do not go beyond the extent necessary at the present time to stop a serious decline in Uruguay's monetary reserves";

the CONTRACTING PARTIES, acting pursuant to the provisions of paragraph 5 of Article XV of the General Agreement and in accordance with the procedures adopted by them on 1 November 1956;

DECLARE to waive, subject to the terms and conditions laid down hereunder, the provisions of paragraph 1 of Article II of the General Agreement to the extent necessary to allow the Government of Uruguay to apply the import surcharges provided for in its Decree of 29 September 1960, as a temporary measure taken as part of and in conjunction with its stabilization and development programme, to those items specified in Schedule XXXI which are enumerated in the table annexed hereto, it being understood that the surcharges shall be levied in a manner consistent with the provisions of Article I of the General Agreement.

Terms and Conditions

1. The import surcharges authorized by the present Decision shall be as defined in the Decree of 29 September 1960 but neither the rates nor the basis for levying them shall be such as to exceed the incidence specified in the table annexed hereto.

2. The import surcharges authorized under this Decision shall be applied only to the extent that the circumstances giving rise to their introduction shall justify their application and shall be progressively reduced or eliminated whenever possible. They shall be totally eliminated not later than 1 July 1963.

3. In levying the surcharges authorized under this Decision, the Government of Uruguay shall take appropriate measures to avoid unnecessary damage to the commercial or economic interests of other contracting parties, and the impairment of regular channels of trade.

4. The Government of Uruguay shall submit before 15 September of each year a report on action taken to reduce or eliminate the surcharges maintained under this Decision and on the circumstances which, in its view, still justify the application of the surcharges not yet eliminated. It shall enter into consultation with the CONTRACTING PARTIES, not later than the last session of each year, as to the nature of its balance-of-payments difficulties, alternative measures which may be available, and the possible effect of the surcharges on economies of other contracting parties.
5. If any contracting party considers that the effect of the surcharges maintained under this Decision is unduly restrictive and that damage to its trade is caused or threatened thereby, it may make representations to the Government of Uruguay, which shall accord sympathetic consideration to such representations and afford that contracting party adequate opportunity for consultation.

6. If such consultation does not lead to satisfactory results, the contracting party concerned may request the CONTRA CTING PARTIES to invite Uruguay to enter into consultations with them. If, as a result of these consultations with the CONTRA CTING PARTIES, no agreement is reached and if they determine that the effect of the surcharges is unduly restrictive and that serious damage to the trade of the contracting party initiating the procedure is threatened or caused thereby, the latter will be released from its obligations to apply to the trade of Uruguay concessions initially negotiated with Uruguay to the extent that the CONTRA CTING PARTIES determine to be appropriate in the circumstances.

7. When the CONTRA CTING PARTIES are called upon to enter into consultation with the Government of Uruguay under this Decision they shall consult fully with the International Monetary Fund to the extent provided for in paragraph 2 of Article XV of the General Agreement.

8. This Decision shall cease to have effect on the date on which all surcharges maintained under this Decision shall be eliminated, or on 1 July 1963, whichever date is the earlier.
<table>
<thead>
<tr>
<th>Tariff Item Number</th>
<th>Rate of Surcharge on c.i.f. Value of Imports</th>
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List as given in L/1426 and Corr. 1, but under-headings as shown above.

1 Figures in brackets indicate the specified value for the calculation of the surcharge on the item in question.