EXTENSION OF THE URUGUAYAN WAIVER ON IMPORT SURCHARGES

Statement by H.E. Dr. Héctor Gros Espiell, Ambassador of Uruguay, on 25 April 1968

1. By a Decision of 8 May 1961 the CONTRACTING PARTIES authorized the Uruguayan Government to apply import surcharges, as a temporary measure and in the context of its stabilization and development programme, and subject to specified terms and conditions.

The authorization was subsequently extended by the Decisions of 20 July 1963, 31 January 1964, and 18 March 1964. The last of these was then extended and amended by the Decision of 23 March 1965, which in turn was extended by the Decision of 14 December 1965 until the end of the first regular session of the CONTRACTING PARTIES in 1967.

2. At the twenty-fourth session of the CONTRACTING PARTIES the Uruguayan Government requested a six-months' extension of the waiver (document L/2880 dated 2 November 1967).

The request was in the following terms:

"The circumstances underlying the request for extension of the original Decision of the CONTRACTING PARTIES have not changed; indeed, they have worsened so that the Uruguayan Government has been obliged to take severe measures in order to prevent further deterioration in the balance of payments and to be able to meet the substantial commitments of the country's external debt.

"Accordingly, the Uruguayan Government intends to request an extension of the above-mentioned Decision for a further period. In view of the implications of the relevant consultation, however, and taking into account the institutional and political changes that have occurred in the country since 1 March 1967, and the changes that it is intended to make in the 1959 currency and exchange reform law - which constitutes the legal basis for the measures covered by the existing waiver - the Uruguayan Government considers it necessary that a reasonable period of time be allowed so that the above-mentioned consultation can be carried out in the appropriate conditions, in other words on the basis of a coherent set of provisions regulating the various aspects of the country's external trade."
3. On 17 November 1967 (SR.24/11, pages 147-148), the CONTRACTING PARTIES adopted a decision by fifty votes in favour and four abstentions, agreeing "... that the Government of Uruguay be authorized to maintain until 30 June 1968 the surcharges at present applied by it, subject to the relevant terms and conditions of the decision of 8 May 1961."

4. The very serious and difficult balance-of-payments situation now facing Uruguay has been reported to this meeting.

Because of it and in the context of a broad and comprehensive set of economic measures adopted since November 1967, my Government has revoked all import prohibitions (Decrees of 6 November and 1 December 1967 and of 9 January 1968). It has nevertheless been necessary, as may readily be understood, to maintain for the time being a system providing for the rational application of import surcharges to take account of the present serious situation of the balance of payments and prevent it from deteriorating further.

There are no immediate prospects for any improvement in the balance of payments in the short term.

As a direct consequence of a disastrous drought that was followed by floods, the level of exports for 1968 will be relatively low, imports will not diminish and in addition the country will have to make substantial debt repayments. World market prices of Uruguay's export products are unlikely to recover from the low levels reached in 1967. This and all the other factors inevitably point to the conclusion that Uruguay's balance-of-payments situation will continue to be serious in 1968.

In these circumstances, the authorities cannot contemplate revoking the import surcharges which are the only regulating elements in force, together with the prior deposits and consignations provided for under the present Uruguayan trade régime. I repeat, however, the maintenance of surcharges is a temporary measure, as expressly stated by the Uruguayan Government in the Economic and Financial Programme for 1968. They will be abolished when circumstances so permit, but today they still correspond to an undeniable factual situation and meet a need that cannot be ignored.

5. In present conditions, my Government considers that the application of these import surcharges is strictly in conformity with the rules of the General Agreement.

Furthermore, the legal basis for these surcharges - the law of 19 December 1959 - has already been examined in consultations held by the Committee on Import Restrictions in 1960, 1962 and 1965.

6. Because of the situation which I have described, and taking into account the results of this consultation, I have the honour to request, on behalf of my Government, an extension for a reasonable period of the authorization to apply import surcharges, on the understanding that such authorization would be granted subject to the conditions established by the Decision of 8 May 1961.