EXTENSION OF THE URUGUAYAN WAIVER ON IMPORT RESTRICTIONS

Draft Report of the Committee on Balance-of-Payments Restrictions

1. The Committee in the course of its consultation with Uruguay under Article XII:4(b) (unrevised) reported upon in document BOP/R/ also examined the balance-of-payments aspects of the Uruguayan request for a further extension of the waiver of 8 May 1961 relating to Uruguay's import surcharges. This report should accordingly be read in conjunction with that document.

2. The Committee noted that the waiver had originally been granted by a Decision of 8 May 1961 and had been successively renewed by Decisions of 20 July 1963, 31 January 1964 and 18 March 1964; extended and amended by the Decision of 23 March 1965 and further extended by the Decision of 14 September 1965 until the end of the twenty-fourth session of the CONTRACTING PARTIES. At that session it was decided by the CONTRACTING PARTIES on 17 November 1967 that the Government of Uruguay be authorized to maintain the surcharges then applied by it until 30 June 1968 (document L/2940).

3. The CONTRACTING PARTIES had considered that a careful and detailed examination of the surcharges and of the balance-of-payments reasons therefore was essential but could most advantageously be carried out in conjunction with Uruguay's balance-of-payments consultations early in 1968.

4. The balance-of-payments consultation having been completed the representative of Uruguay reiterated the necessity for his country to continue maintaining, for the time being, the import surcharges to take account of the present serious situation of the balance of payments and prevent it from deteriorating further. He, therefore, requested on behalf of his Government an extension for a period of two years of the authorization granted to his country to apply import surcharges, on the understanding that such authorization would be subject to the terms and conditions established by the Decision of 8 May 1961. The discussion showed that the Committee, in view of the balance-of-payments situation of Uruguay, was clearly in favour of an extension of the waiver. As regards the

The full text of the statement by the representative of Uruguay is attached hereto in Annex II (see document Spec(68)24).
duration of the proposed extension, it was agreed that an extension until the end of the last regular session of the CONTRACTING PARTIES in 1969 would be reasonable under the present conditions.

5. In the light of the discussion, and taking into account the statement made by the International Monetary Fund (see paragraph 3 of document BOP/R/ ) the Committee thus recommends an extension of the waiver until the end of the last regular session of the CONTRACTING PARTIES in 1969, subject to the relevant terms and conditions specified in the Decision of 8 May 1961.

6. The Committee has accordingly prepared the draft decision contained in Annex I.
ANNEX I

Draft Decision

Considering that the CONTRACTING PARTIES, by Decision of 8 May 1961\(^1\) waived, subject to specified terms and conditions, 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 enumerated in the table annexed to that Decision on the understanding that the surcharges be levied in a manner consistent with the provisions of Article I of the General Agreement;

Considering that the above-mentioned Decision was successively extended by Decisions of 20 July 1963, 31 January 1964 and 18 March 1964; extended and amended by Decision of 23 March 1965 and further extended by Decisions of 14 December 1965 and 17 November 1967\(^2\) until 30 June 1968;

Considering that the Government of Uruguay has requested an extension of the above-mentioned Decision on the grounds of continuing balance-of-payments difficulties and that there are no short-term prospects for any improvement in the situation;

Having carried out a careful and detailed examination of the surcharges applied by Uruguay for balance-of-payments reasons in conjunction with Uruguay's consultation with the CONTRACTING PARTIES pursuant to Article XII:4(b) (unrevised);

Having consulted fully with the International Monetary Fund and taken into account the assessment provided by the Fund in that consultation,

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

Decide that the Government of Uruguay be authorized to maintain the surcharges at present applied by it, subject to the terms and conditions of the Decision of 8 May 1961 until the end of the last regular session of the CONTRACTING PARTIES in 1969.

ANNEX II

\[\text{Spec(68)247}\]

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\(^1\)BISD, Tenth Supplement, page 51
\(^2\)L/2940