CHILEAN IMPORT SURCHARGES AND QUANTITATIVE RESTRICTIONS

Note by the Chairman

1. The Government of Chile has requested a further extension, for one year, of the Decision of 27 May 1959, which, as amended, authorizes the Government of Chile to maintain certain surcharges additional to the import duties specified in Schedule VII until 1 January 1963. The Government of Chile has also informed the Executive Secretary that, as of 15 October 1962, important changes were made in the exchange system of Chile, involving recourse to a system of free exchange rates, and that simultaneously modifications were made in the system of import surcharges. The measures have been taken to meet the very serious financial and economic difficulties with which Chile is at present faced.

2. Before any decision can be taken on these matters, the CONTRACTING PARTIES will no doubt wish to make a careful and detailed examination of the new situation, and its relationship to the surcharges being maintained by the Government of Chile. Because of the very recent nature of the changes, it appears unlikely that the necessary information can be assembled for an examination of all aspects of the new situation during the present session.

3. In the circumstances, the Chairman is of the view that it would be advisable to defer the consideration of the import surcharges as well as the restrictions until a later date. Consequently it is proposed that the Executive Secretary be authorized, in consultation with the Government of Chile and the International Monetary Fund, to determine a suitable date, which should not be later than 30 June 1963, for the consideration by the Council of the increases in tariffs and for the resumption of the consultations under Article XVIII:12(a) on the import restrictions. In the meantime the CONTRACTING PARTIES should adopt a decision under paragraph 5 of Article XXV authorizing on a provisional basis the existing tariff increases until that date. For this purpose, a draft decision is attached.

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1 See BISD, Eighth Supplement, page 2; Ninth Supplement, page 38; Tenth Supplement, page 43.
Considering that the CONTRACTING PARTIES by Decision of 27 May 1959 waived, subject to specified conditions, the provisions of paragraph 1 of Article II of the General Agreement to the extent necessary to allow the Government of Chile to maintain, as an emergency measure designed to overcome the existing threat to its monetary reserves and to ensure the success of its stabilization programme, certain surcharges additional to the import duties specified in Schedule VII annexed to the General Agreement;

Considering that one of the conditions of that Decision was that all surcharges maintained under it should be eliminated before 1 January 1961, but that the CONTRACTING PARTIES by Decisions of 18 November 1960 and 8 December 1961, agreed to extend this period until 1 January 1963;

Considering that the Government of Chile informed the CONTRACTING PARTIES that on 15 October 1962 important changes were made in the exchange system of Chile, involving recourse to a system of free exchange rates; that simultaneously modifications were made in the system of import surcharges; and that the Government of Chile requests that that Decision be extended for a further period of one year;

Considering that a careful and detailed examination of the continued maintenance of the import surcharges in the new situation is essential, but is not feasible within a short time;

Having therefore agreed (a) that the examination of the Chilean request for a further extension of the time-limit if the Decision of 27 May 1959 and the consultation with Chile under paragraph 12(a) of Article XVIII be deferred until such time, which should not be later than 30 June 1963, as the Executive Secretary in consultation with the Government of Chile and the International Monetary Fund, determines to be practicable for the commencement of such examination and consultation, and (b) that the Council be authorized to deal with this Chilean request at that time;

The CONTRACTING PARTIES, acting pursuant to the provisions of paragraph 5 of Article XXV of the General Agreement,

Decide that Chile be authorized to maintain surcharges specified in the Decision of 27 May 1959, subject to the terms and conditions of that Decision, until the completion of the examination referred to above.