

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Committee on Balance-of-
Payments Restrictions

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1975 CONSULTATION UNDER ARTICLE XVIII:12(b) WITH PERU

Statement Submitted by Peru Under the Simplified Procedures for Consultation¹

Addendum

VI. ROLE OF AND NEED FOR NON-TARIFF INSTRUMENTS AND MECHANISMS

A. Effects of the restrictions on trade

45. Although during the period 1967-69 the combined effect of currency devaluation and non-tariff restrictions on trade caused a reduction in imports, the latter have been growing at a very rapid rate since then. We can conclude that the non-tariff measures for controlling imports coincided with increased participation by Peru in world trade in line with the patterns of domestic demand which has tended more toward capital goods, raw materials and intermediate products than toward finished consumer goods. By affecting mainly imports of non-essential consumer goods, the non-tariff restrictions ensure that the import demand of the majority of Peru's population can be met and ward off the distortions that traditionally resulted from the consumer habits of a minority of the population, but without reducing the total maximum amount of Peru's imports.

46. The import regulations applied by Peru from 1968 on and those introduced since the last balance-of-payments consultation in GATT have been of a non-discriminatory nature because they are not applied in respect of specified sources of supply.

¹Material submitted by the Peruvian authorities.

47. Peru's import trade with its traditional principal suppliers has been increasing rapidly, as can be seen from the figures below:

	(US\$'000)			
	<u>United States</u> ¹	<u>Germany, F.R.</u> ²	<u>Belgium/ Luxembourg</u>	<u>France</u>
1969	185,693.2	68,310.3	14,309.5	13,032.6
1971	218,752.5	90,644.4	13,803.3	15,496.9
1973	306,224.7	124,356.6	23,012.5	19,408.8
1974	443,775.5	147,068.8	30,394.8	27,788.4
	<u>Italy</u>	<u>United Kingdom</u>	<u>Switzerland</u>	<u>Japan</u> ³
1969	16,388.3	26,289.1	12,073.3	43,618.9
1971	22,910.6	39,527.6	19,422.9	71,893.9
1973	28,836.6	36,172.6	30,651.9	112,685.6
1974	37,442.7	36,963.6	29,348.9	167,076.2

B. Prospects for withdrawal of restrictions and liberalizations

48. Peru has brought into effect a set of measures designed to liberalize imports of important groups of products. These measures include partial or total exemptions from customs duties, such as the following:

- (a) Liberalization by product: such liberalization is granted exclusively in respect of certain specified products according to existing supply needs.
- (b) Liberalization by sector: such liberalization is designed to promote the development of individual sectors. It operates on the basis of special or priority régimes, such as in the case of the laws on Industry (L.D. 18350), Fishery (L.D. 18810), Telecommunications (L.D. 19020) and Industrial Decentralization (L.D. 18977).

¹ Raw materials and intermediate goods, 43.2%; capital goods 48.6%

² Raw materials and intermediate products 44%; capital goods 48%

³ CKD units 21%, iron and steel products 27%

- (c) Liberalization by institution: such liberalization is granted in respect of individual public institutions, such as EPSA, EPSEP, MINEROPERU, ELECTROPERU, ENAPU, CPV, ENTEL, ENAFER, FERTIPERU, SIDERPERU, INDUMILPERU, SIMA, ESAR, ESAL and universities.

Taking into account these liberalizations, the real tariff incidence is 16.2 per cent below that provided in the official customs tariff.

49. It is important to note that with the entry into force of the General Customs Law (L.D. 20165 of 2 October 1973, in effect since 1 July 1974), the consular invoice requirement has been eliminated within the context of the policy for rationalizing the operative system of import formalities.