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GENERAL AGREEMENT ON TARIFFS AND TRADE

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SCHEDULE XXXI - URUGUAY

Proposed Adjustment of Specific Duties and "Aforos"

As noted in paragraph 3 of L/1446, the International Monetary Fund was invited to provide information necessary for a consideration of the Uruguayan proposal for adjusting the specific rates and "aforos" specified in Schedule XXXI in accordance with the terms of paragraph b (a) of Article II of the Agreement. The following communication has been received from the head of the Fund's mission to the current meeting of the Council and the eighteenth session:

"I have been authorized to reply to your letter of April 20, 1961 to Mr. Jacobsson, concerning the request by the Government of Uruguay that the CONTRACTING PARTIES concur in the adjustment of the specific duties and "aforos" specified in Schedule XXXI annexed to the General Agreement. The Fund is happy to consult with the CONTRACTING PARTIES in this connection. Your letter indicates that specifically the CONTRACTING PARTIES will need the Fund's confirmation that the Uruguayan rate of exchange recognized by the Fund at the date of the Annecy Protocol has been reduced consistently with the Fund Agreement by more than 20 per cent, and the Fund's advice on the extent of the reduction.

"Following October 6, 1949, the Uruguayan exonange rate which applied to most private imports, and which was maintained consistently with the Articles of Agreement of the Fund, was 1.90 pesos per US dollar. At present, the rate of exchange recognized by the Fund as applicable to all imports is the free market rate, which since October 1960 has been stable at 11.03 pesos per US dollar; this rate is maintained consistently with the Fund Agreement.

"Thus, between October 10, 1949 and the present, the rate of exchange for the Uruguayan peso applicable to most private imports has been reduced by 82.8 per cent.

"In the past, the CONTRACTING PARTIES have found it useful to convert percentage depreciation figures into figures representing the increase in the number of units of local currency which would be required to maintain the equivalence of duties in terms of an unchanged standard (for this purpose, the US dollar). For your convenience, we have calculated the figure corresponding to the 82.8 per cent mentioned above: the change from 1.90 pesos per US dollar to 11.03 pesos per US dollar represents an increase of 480 per cent in the number of pesos per US dollar.

"It may be noted that on October 10, 1949 Uruguay also maintained, consistently with the Fund Agreement, a rate of 2.45 pesos per US dollar for imports of luxury articles and non-essentials and a rate of 1.519 pesos per US dollar for government transactions and imports of newsprint, inks, and cardboard matrices. With the import rate presently standing at 11.03, the respective depreciations from these two rates are 77.8 per cent and 86.2 per cent. The respective percentage increases in the number of pesos per US dollar are 625 per cent and 350 per cent.

"If you require any further information, the Fund mission will be happy to cooperate in every possible way."