

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/1475
15 May 1961

Limited Distribution

CONTRACTING PARTIES
Eighteenth Session
15-19 May 1961

REPORT OF THE WORKING PARTY ON THE URUGUAYAN SCHEDULE

1. The Working Party was instructed to examine the request by the Government of Uruguay for authorization to adjust the specific rates and "aforos" in Schedule XXXI in accordance with the terms of paragraph 6(a) of Article II of the General Agreement and to report thereon to the eighteenth session of the CONTRACTING PARTIES.
2. The Working Party first considered the information supplied by Uruguay and the International Monetary Fund concerning the extent of the change in the Uruguayan exchange rates. It was noted that:
 - (a) Following 6 October 1949, the Uruguayan exchange rate applying to most private imports, and maintained consistently with the Articles of Agreement of the Fund, had been 1.90 pesos per United States dollar. At present the rate of exchange recognized by the Fund as applicable to all imports was the free market rate, which since October 1960 had been stable at 11.03 pesos per United States dollar; this rate was also maintained consistently with the Fund Agreement. Thus, between 10 October 1949 and the present, the rate of exchange for the Uruguayan peso applicable to most private imports had been reduced by 2.8 per cent. The change represented an increase of 480 per cent in the number of pesos per United States dollar.
 - (b) On 10 October 1949 Uruguay also maintained, consistently with the Fund Agreement, a rate of 2.45 pesos per United States dollar for imports of luxury articles and non-essentials and a rate of 1.519 pesos per United States dollar for government transactions and imports of newsprint, inks and cardboard matrices. With the import rate at present standing at 11.03, the respective depreciations from these two rates were 77.8 per cent and 86.2 per cent. The respective increases in the number of pesos per United States dollar were 350 per cent and 625 per cent.

3. The Government of Uruguay considered that, the reductions being consistent with the Fund Agreement and exceeding 20 per cent, Uruguay was entitled, under Article II:6(a), to adjust the specific duties and "aforos" to take account of the modification of the value of the currency. In the view of the Uruguayan Government, the combination of an ad valorem rate of duty with an "aforo" (the officially fixed valuation on which the duty is assessed) gave rise to a situation in which the adjustment of "aforos" in relation to exchange rates should also be governed by the provisions of Article II:6(a). Some members of the Working Party called attention to the "General Notes" to Schedule XXXI relating to the circumstances in which and the extent to which the "aforo" could or should be modified. It was agreed, however, that these "Notes" provided no procedures for adjusting the "aforos" in the event of the Uruguayan peso being revalued.

4. In the course of the discussion, the Uruguayan representative indicated that, without prejudice to the considerations which his Government had put forward in document L/1446, his Government had no immediate intention of proceeding with any modification further than the 200 per cent increase in "aforos" decreed on 23 June 1960.¹ He agreed, therefore, that this Working Party could confine its attention to that increase in "aforos" which had already been introduced by the decree.

5. In view of this, the Working Party considered that there was no need to examine further the relationship between the procedures provided for in the "General Notes" to the Schedule and Uruguay's right to recourse to the provisions of Article II:6(a) for an adjustment in the "aforos". It should suffice for the Working Party simply to examine the increase in "aforos" in question in the light of its effects on the value of the concessions, bearing in mind the changes in the value of the currency, and to satisfy the CONTRACTING PARTIES that the adjustment made by the Decree of 23 June 1960 had not impaired the value of the concessions provided for in Schedule XXXI. After further discussion, and taking account of all relevant factors, the Working Party reached the conclusion that it would be appropriate to authorize Uruguay to maintain this increase of 200 per cent in the "aforos". Consequently, the Working Party submits the attached draft Decision to the CONTRACTING PARTIES and recommends that it be adopted.

¹Cf. L/1277

SCHEDULE XXXI (URUGUAY) - ADJUSTMENT OF "AFOROS"

Draft Decision

CONSIDERING that between the dates of the Annecy and Torquay Protocols and the present the value of the Uruguayan peso, maintained consistently with the Articles of Agreement of the International Monetary Fund, has been reduced by various proportions exceeding 20 per cent, the change in the rate applicable to most private imports being 82.8 per cent, representing an increase of 480 per cent in the number of pesos per US dollar;

CONSIDERING that the Government of Uruguay has stated by letter dated 17 April 1961 that it wishes to seek the authorization of the CONTRACTING PARTIES to adjust the specific rates and "aforos" specified in Schedule XXXI in accordance with the terms of paragraph 6(a) of Article II of the General Agreement;

CONSIDERING however that the representative of Uruguay has indicated that, without prejudice to the considerations set out in that letter, his Government has no proposals at present for increasing the specific duties or for increasing the "aforos" beyond the increase of 200 per cent on all "aforos" laid down in the Uruguayan Customs Tariff, including those which are specified in Schedule XXXI annexed to the General Agreement, which were made in a Decree dated 23 June 1960; and

RECOGNIZING that the change in the value of the Uruguayan peso has resulted in a proportionate reduction of the incidence of those customs duties which, though ad valorem in form, are levied on the basis of fixed values, or "aforos",

The CONTRACTING PARTIES

DECIDE that the Government of Uruguay be authorized to maintain the increase of 200 per cent introduced by the Decree of 23 June 1960 in the "aforos" specified in Schedule XXXI.