

GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES
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SCHEDULE XXXV - PERU

Imposition of Import Surcharges

The secretariat has received from the permanent representative of Peru the following communication.

I am instructed by my Government to inform you, and through your intermediary the contracting parties, that, among many other charges, Law No. 14729 promulgated on 25 November 1963 establishes an additional levy at the rate of 10 per cent ad valorem on imports in general. The present communication is made for the purpose of reconciling this new levy with the obligations entered into by Peru under the General Agreement.

This Law, which introduces numerous and heavy charges affecting all sectors of the national economy, has been enacted because of an emergency situation resulting from the new activities and expenditure entailed by the action and programmes necessary in order to overcome under-development and to prevent inflation. It unfortunately affects goods included in Schedule XXXV of concessions granted by Peru under the General Agreement.

Accordingly it is necessary to notify the CONTRACTING PARTIES of my Government's intention to apply the said charges in a general manner, requesting the CONTRACTING PARTIES, having regard to the difficulties arising from the emergency and the purposes of this action, to authorize Peru, by a formal decision, to suspend the obligation to fulfil its commitments under Article II of the General Agreement, for a period of not less than three years, during which time a new import tariff will be made effective which will be better suited to the conditions of our economy and to our need to stimulate the industrialization and development of the various economic sectors of our country.

The Peruvian Government has been authorized by the Peruvian Congress to establish a Customs Tariff Reform Commission to prepare a new draft tariff. In preparing the draft the Commission is instructed to take account, inter alia, of the following recommendations: (i) to limit import duties on capital goods to the minimum; (ii) to set the charges on consumer goods, including durables, in relations to production possibilities in the country; (iii) to establish the duty levels in accordance with the average levels for the countries belonging to the Latin American Free Trade Association; and (iv) to stress the promotional effects of customs duties in the long and medium term without causing any immediate decline in revenue for the budget.

The new tariff will be based on the Brussels Tariff Nomenclature with the modifications introduced by the Latin American Free Trade Association, i.e. the nomenclature known as the NABALALC. The tariff rates will incorporate the various additional charges presently applied including the 10 per cent additional levy, which will be withdrawn when the tariff is introduced. My Government is confident that within the next six months it will be possible to present the new tariff to the contracting parties so that renegotiations to establish a new list of concessions in place of the present Schedule XXXV could be held during the forthcoming trade negotiations, scheduled to begin on 4 May 1964 in Geneva. It would be the hope of my Government that the renegotiations would be concluded before the introduction of the new tariff.

In this connexion it may be recalled that on an earlier occasion when granted a waiver, Peru complied with the undertaking to eliminate by a given date the surcharges which it had been allowed to apply, as I had the pleasure to inform you in my letter of 8 July last (cf. document L/2037). I must also point out on this occasion that Peru has faithfully respected and complied with the commitments entered into by it under the General Agreement, and at the same time draw attention to its rather special situation as a country which, apart from the customs tariff, applies no barriers of any kind to imports and for many years past has vigorously maintained a liberal trade and exchange policy, free of obstacles or control. The Government of Peru is confident that when studying this request the CONTRACTING PARTIES will take account of these features of its international economic policy, which coincide with the fundamental principles of GATT.

Similarly, it is hoped that account will be taken not only of the provisions of Article XVIII but also in particular of the new spirit within GATT, in this development decade, with a view to encouraging the economic activity of the nations which are striving to overcome the difficulties of under-development. In the Decision of the CONTRACTING PARTIES of 16 November 1956¹ it was stated: "that it has been compelled to take emergency measures directed towards the solution of an acute internal

¹Waiver granted to Brazil in connexion with the introduction of a new customs tariff (BISD, Fifth Supplement, page 36).

problem arising out of the impossibility of continuing the existing fiscal structure which has proved incapable of meeting the needs of orderly and progressive economic development ...".

I am instructed to communicate to you the following statement:

"It should be emphasized on this occasion that the decision of the Peruvian Government does not imply any change in the orientation and general outline of the foreign trade policy followed by Peru, which is based on full freedom of trade and exchanges. Furthermore, account should be taken of the fundamental dependency of the Peruvian economy on its external trade, and of its fundamental interest in expanding its exports, for which purpose it is essential to ensure non-discriminatory treatment in the principal world markets; this explains the Peruvian Government's emphatic assurance that it does not intend to establish restrictive practices on trade which could adversely affect its own foreign trade."

