

GENERAL AGREEMENT ON TARIFFS AND TRADE

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CHILE - RENEGOTIATION OF SCHEDULE VII

Statement Made Before the Council on 17 November 1966 by the Representative of Chile

1. I have the honour to present to the Council an application by the Chilean Government for a waiver for a period of one year to enable it to apply its new tariff as from 1 January 1967 without prior renegotiation of Schedule VII annexed to the General Agreement.
2. Before referring to the substance of the application, I wish on behalf of my Government to explain why this matter has been brought before the Council with such urgency. As you will have been able to appreciate from document L/2706 this is an exceptional case, of the kind taken into consideration when rules were established for the discussion of waivers, in accordance with the procedures adopted on 1 November 1956. My Government sincerely regrets having to ask the Council to take urgent action and hopes that you will understand the circumstances.
3. Document L/2706, which is before you, contains a memorandum by the Chilean delegation outlining the background to this item of the agenda. It states briefly the reasons why the Chilean Government has replaced its previous tariff, which had been in force since 1928, by one in accordance with the Brussels Nomenclature. Apart from reasons of a national character, an undertaking to introduce a new tariff had been given earlier to the CONTRACTING PARTIES, and this is now being done. Law No. 16,464 on this subject has set a mandatory time-limit for application of the new tariff. Hence the exceptional and urgent character of this application.
4. I think it may be appropriate briefly to recall some of the points mentioned in document L/2706.
 - (a) The new tariff simply consolidates the duties and charges levied by the Chilean Customs up until 25 April 1966, the date of promulgation of Law No. 16,464. As indicated, the level of duties is the same as existed in April of this year. There have not been any increases in duty by reason of the establishment of the new tariff.

(b) Paragraph 5 of document L/2706 reproduces part of the text of Law No. 16,464, regarding the authority given to the President of the Republic for fulfilment of this objective. As mentioned therein, the consolidation of all existing duties and charges into only two columns - specific and ad valorem duties - may result in a difference of not more than 15 per cent in relation to the global incidence of all existing duties and charges.

In order to dispel any doubts, I wish to state that this 15 per cent difference does not apply to the tariff as a whole, and therefore does not constitute authority to make a 15 per cent increase in duties and charges, under pretext of enactment of a new tariff. Provision has been made for the 15 per cent difference only in connexion with the reconversion calculations for each item, sub-heading or heading considered individually and where it has not been possible for technical reasons to reproduce the situation previously existing.

The results bear out that assertion. In all cases where it has been possible to reproduce the specific duties, the 15 per cent margin has not been applied. In the other cases, only in a very few instances has it been necessary to use a percentage, and in general such percentage has been less than 15 per cent. This is so in regard to the various items in the tariff, and the renegotiation of Schedule VII will afford an opportunity for showing it with respect to the products included therein. I repeat, the new tariff has not increased the global incidence of duties and charges in relation to those existing in April of this year.

(c) As I have already said, apart from adopting the Brussels Nomenclature the new tariff has maintained the existing duties. Consequently, it cannot be considered to represent any new trend in external trade policy, either as a whole or in regard to any individual sector. Nevertheless, since in Chile the application of a tariff is linked up with the economic development programme, and in particular with the requirements of industrial expansion, the Government has taken and will take certain measures in the national economic interest to facilitate imports of capital goods and industrial raw materials.

Thus, the Government has granted a duty reduction averaging 80 per cent on a series of imports, as referred to in paragraph 11 of document L/2706. These lower duties will be restored immediately after the new tariff comes into force. A list of the products to which these duty reductions will apply has been supplied to the GATT secretariat, for the information of the CONTRACTING PARTIES.

For the same purpose, in October a decree was issued lowering the duties and charges on industrial machinery and equipment, as mentioned in paragraph 12 of document L/2706. A copy of the decree has also been supplied to the secretariat.

With respect to certain industrial raw materials - for example, caustic soda, synthetic resins and cellulose for textiles etc. - the specific duties have temporarily been reduced until 31 December of this year. In the new tariff the Government has maintained these lower duty levels and made them permanent.

Apart from these examples, the CONTRACTING PARTIES have been notified of all liberalization measures and the latter partly account for the substantial rise in imports. The Government intends to continue to improve these conditions.

5. Our delegation will supply the secretariat and the CONTRACTING PARTIES with all necessary copies of the new tariff, once printing is completed. Meanwhile, two draft copies of the new tariff have been supplied to the secretariat. I take this opportunity to express our appreciation once more for the technical co-operation given by GATT in the final stages of drawing up the new tariff, and in particular our appreciation to Mr. Kaae of the Danish Customs Administration, who has co-operated with my Government with outstanding devotion and efficiency.

6. To conclude - the Chilean Government has drawn up a new customs tariff in accordance with the Brussels Nomenclature. By law, it is required to bring the tariff into force as from 1 January 1967 and this has prevented it from renegotiating before the date Schedule VII annexed to the General Agreement; the Government is prepared to initiate renegotiations immediately, once the tariff has been brought into force.

In requesting this waiver my Government asks the Council to take into account the exceptional character of this problem, and hopes for the Council's understanding so that the decision taken corresponds to the urgent time factor. The Chilean delegation is ready to answer any questions that members of the Council may wish to ask.