

GENERAL AGREEMENT ON

RESTRICTED

TARIFFS AND TRADE

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Committee on Subsidies and
Countervailing Measures

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RESPONSES BY CHILE TO QUESTIONS SUBMITTED BY
THE UNITED STATES CONCERNING THE LEGISLATION OF CHILE
(SCM/1/Add.16/Rev.2)

Chile's notification to this Committee on its legislation concerning countervailing duties was prompted by a change in the authority responsible for investigating complaints relating to subsidized imports. The Subsidies Code has been law in Chile since its ratification and enactment in 1981, and its procedures and provisions have therefore been applied since then: the "National Commission to investigate the existence of distortions in the prices of imported goods", which is the authority currently responsible for dealing with complaints concerning subsidies, is governed by that Code.

1. The sole measure for offsetting subsidized imports that cause injury to the domestic industry is countervailing duties, which are applied in accordance with the procedures and criteria set out in the Subsidies and Countervailing Duties Code.

The tariff surcharges are specific percentage tariffs of general application for imports of which the entry into the country causes or threatens serious injury to the domestic industry by entering at diminished prices as a result of artificial effects in their respective markets. This measure is applied when there are generalized distortions in international markets, and the combined amount of the surcharge plus the tariff cannot exceed 35 per cent of the GATT bound tariff.

Minimum customs values are a remedy for the situation where, owing to circumstances in international markets, the normal transaction values of imports are temporarily reduced, and such imports cause or threaten serious injury to the domestic industry. The minimum customs value is a normal value that corrects the basis on which tariffs and value-added tax should be calculated.

The joint or separate application of these measures will depend on each particular case, and will be directly related to the nature of the distortions found to exist. Their maximum duration is one year.

2. The different terms used in the legislation and regulations concerning injury to the domestic industry do not indicate different standards of injury. The terminology should be construed as referring to injury to the national or domestic industry.

3. The term "distortion in the price of the product" is understood to include distortions caused by subsidies, as well as other distortions such as dumping.

4. The term "any natural or legal person affected" means the legal representatives of the complaining firms, trade associations of the injured industry, etc., and any economic operator or agent having economic interests associated with the industry or sector that is presumed to be affected by unfair competition, provided they represent a substantial part of the domestic production of such products.

5. The Commission may recommend application of a provisional countervailing duty when it reaches the preliminary conclusion that a subsidy exists and that there is sufficient evidence of injury, as well as a causal relationship between the subsidized imports and the injury to the domestic industry. It should be recalled that the maximum duration of a provisional measure is ninety days.