

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

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ACCESSION OF ECUADOR

**Questions and Replies to the Memorandum on
Foreign Trade Régime (L/7202)**

Addendum

As foreshadowed in document L/7301, additional questions submitted by contracting parties in connection with the foreign trade régime of Ecuador and the replies thereto provided by the authorities of Ecuador are reproduced hereunder.

1. **Tariff surcharge**

The tariff law reform provides, among other things, for the elimination of the 30 per cent tariff surcharge for importing goods included in Tariff List II. Are goods not listed therein also subject to surcharges?

Is there a single surcharge for the goods not listed in Tariff List II or different surcharges according to product category?

What products remain subject to the 30 per cent surcharge? Could Ecuador provide us with a list of them?

Do the Ecuadorian authorities intend to eliminate or at least reduce this 30 per cent surcharge in a forthcoming stage of tariff reform?

We repeat that the 30 per cent surcharge has been eliminated. While it was in force, the surcharge applied exclusively to products in Tariff List II. Products not in that list were not subject to the surcharge. At present, there are no products subject to a 30 per cent surcharge.

2. **Additional tax**

The same tariff reform removed the additional 5 per cent tax on the importation of luxury goods. Is there a list of these luxury goods? Does this 5 per cent additional tax still exist for other products?

Luxury goods were included in List II, which has now been eliminated. The additional 5 per cent tax is no longer charged, as mentioned in document L/7202.

3. Programme of structural reform of the tariff system

The tariff ceiling for vehicles capable of transporting a maximum of nine people remains relatively high (37 per cent). Could the Ecuadorian authorities explain why the tariff ceiling for this particular product remains high? Is there a timetable for lowering it?

As is true of other developing countries, Ecuador maintains a suitable level of protection for its infant motor-vehicle industry, in particular because of the multiplier effects on production and employment. Nevertheless, we wish to stress the effort made by Ecuador to reduce tariffs, not only in this industry.

4. Non-tariff taxes and restrictions

The draft national customs service law submitted to Congress is to replace the revenues generated by the 1 per cent levy and the 2 per cent levy by financing sources different from the present non-tariff sources. Has Congress taken a position on this draft legislation?

The draft legislation in question has not yet been discussed by Congress.

5. Tariff treatment of goods imported for consumption

The Organic Customs Law sets forth two categories of exemption from payment of import duties (general and special exemptions). The percentage rates of exemption currently in force are mentioned in document L/7202. What are the other imports (with a rate of exemption of 55 per cent) to which an exemption is accorded for the private sector? Is there a specific list of these products?

The current law has eliminated all total or partial exemptions from duties on private sector imports.¹

6. Special customs régimes

Under the temporary admission régime, goods may be introduced into the country for up to 180 days. Is this régime applicable to all goods or only to certain categories? Temporary admission may be extended for a similar length of time. What are the criteria for the extension of temporary admission?

Article 82 of the Organic Customs Law and Article 350 of the Regulation thereto lists the goods that may be introduced under the temporary admission régime. Temporary admission may be extended, by decision of the Ministry of Finance, depending on the implementation needs of the projects covered by the régime.

7. Import taxes

The latest adjustment of import tariffs was carried out by Decree No. 3367, in effect since 28 May 1992. There is a heavy concentration of high duties at the 12 and 17 per cent levels in particular. Is there a list of the products subject to these duties? With regard to the 37 per cent rate, what are the products concerned? Are they exclusively vehicles intended for the transport of up to nine persons?

¹"Elimination of import tax exemptions"; Title IV, Article 12, of Law No. 79 of 21 June 1990, published in Official Journal No. 464, of 22 June 1990.

The National Tariff is available for consultation by contracting parties in the GATT Secretariat. The 37 per cent rate applies to the following tariff items:

Headings

8702100010
8701909010
8703210090
8703220090
8703230090
8703240090
8703310090
8703320090
8703330090
8703900000
8704210020
8706001000
8706009091

8. On page 34 of document L/7202 it is stated that a few import prohibitions remain, for example, used vehicles involving models out-of-date by more than two years, used tyres and used clothing. Is there a complete list of all products subject to an import prohibition?

Please refer to Annex No. 2.

9. Treatment of exports

Under the Law for the facilitation of exports and transport by water, the export of some specific products is prohibited. Is there a specific list, in particular, of the products of the first category (category (a) in document L/7202), i.e. those declared to be part of the national heritage, possessing artistic, cultural, archaeological or historical value?

There is an extensive inventory of the country's artistic, cultural, archaeological and historical heritage, which is continually being updated in the light of the national interest and the results of the intense research activity being carried out to increase and preserve that heritage.

10. Free zones

It is stated in document L/7202 that Ecuador has not yet established any free zones. Does Ecuador intend to set up free zones to promote employment and foreign investment or for any reasons in the near future?

Please refer to the reply to question No. 46 of document L/7301.

11. Price setting in the pharmaceutical sector

In January 1993 the National Council for the setting of prices of medicaments for human use decided to set new prices for medicaments to be sold on the domestic market. Do these price fixing rules also concern imported medicaments? Does the Government intend to subsidize imports of medicaments again?

The current provisions establish that the competent authorities must see to the setting of a maximum sales price for the entire national territory, so that establishments engaged in the importation, production and sale of medicaments for human use apply the corresponding official prices.

The Government has not considered a subsidization policy in this area for the time being.

12. State-owned enterprises

Has the Congress concluded its examination of the draft Law on the Modernization of the State which is to provide a suitable legal basis for transferring the State's share in these enterprises to the private sector?

The Congress concluded its examination of the draft Law on the Modernization of the State. Nevertheless, in view of the amendments introduced into the text of the bill, the Executive has decided to veto it partially, so that it now has to be re-examined by Congress.

13. Sanitary controls

To what extent do the sanitary controls aimed at ensuring the quality of imported products correspond to the agreement on sanitary and phytosanitary measures negotiated in the Uruguay Round?

Once the process of accession to the GATT has been completed and the results of the Uruguay Round negotiations have been approved, Ecuador will see to it that its rules are brought into line with them.

14. Latin American Integration Association (LAIA)

Ecuador has signed three market-opening agreements on behalf of relatively less-developed countries. These agreements contain lists of products that are entirely exempt from duties and other restrictions of any kind. Could the delegation of Ecuador provide the lists in question?

Document L/7202 mentions that the LAIA member countries have signed three Market-Opening Agreements in favour of the relatively less-developed countries, namely Bolivia, Ecuador and Paraguay. Ecuador has therefore received preferences from the other eight member countries, as set out in Regional Market-Opening Agreement No. 2 (see Annex F).

15. Free-trade area

The Andean Group has set the target date of 1995 for the formation of a free-trade area, in the document known as the Strategic Design approved at the Galapagos meeting. Is this still a realistic date?

The Andean Group periodically informs the GATT Secretariat of the activities of member countries with a view to the establishment of the free-trade area.

16. Common External Tariff (CET)

Will the application of the levels of the Common External Tariff begin on 1 January 1994 as announced? The levels of the CET may also be differentiated, with a variation of up to 5 per cent in the case of goods "not produced" in the sub-region. What kind of products "not produced" are concerned? Is there a list of these products?

The Andean Group has informed the GATT Secretariat of the progress made in the negotiations aimed at the establishment of the Common External Tariff in the sub-region.

LIST OF ANNEXES¹

Annex No.

1. List of "price band" products
2. List of prohibited imports
3. Tariff items subject to prior authorization
4. Import and export trade flows
- A. Monetary Board Regulation 358-93 on exchange policy
- B. Monetary Board Regulation 863-93 on the importation of motor vehicles
- C. Decisions Nos. 283, 284 and 285 of the Commission of the Cartagena Agreement
- D. Law 152 creating the Committee for Price-Setting in the Pharmaceuticals Sector and Inter-Ministerial Agreements of 4 January 1993 fixing maximum prices for medicaments
- E. Preferential Trade Agreements negotiated in the LAIA. Trade preferences received and granted* by Ecuador in the LAIA. (*Diskette with format notes)
- F. LAIA Market-Opening List
- G. List of CET exceptions
- H. Catalogue of Ecuadorian Technical Standards published by the Ecuadorian Standardization Institute

¹Available in the Secretariat (office of the Special Adviser to the Director-General Room 2019), for consultation by delegations. This list replaces the list of annexes reproduced in L/7301/Add.1.