

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Special Distribution

WORKING PARTY 5 ON BALANCE-OF-PAYMENTS IMPORT RESTRICTIONS

Present Import System in Chile

Memorandum by the Chilean Delegation

At the Fifth Session of the CONTRACTING PARTIES, held in Torquay in the last months of 1950, a review of import restrictions, applied by certain contracting parties, was carried out, amongst which Chile was included. To facilitate the examination of the matter, the International Monetary Fund submitted a comprehensive report in respect of the existing Chilean restrictions system (CP.5/K/SECRET/24). The Working Party which examined the subject matter, and subsequently the CONTRACTING PARTIES when they took up the report of the Working Party, reached the conclusion that the existing balance of trade situation of Chile and its foreseeable evolution in the immediate future, did not make it possible for Chile to institute an import system which involved a mitigation of existing restrictions.

Notwithstanding these facts the regime or import system which was established for the year 1951 put an end to a series of restrictions which had been in force since 1947, when Chile negotiated for its accession to the General Agreement. In fact, in conformity with Law No. 9839, which organised the Consejo Nacional de Comercio Exterior (National Council for Foreign Trade), this body was entrusted with the task of authorising and controlling exports, imports and foreign exchange transactions. Within the exercise of its functions, the Consejo established, as of 1 January 1951, an import system which divided same in four groups, viz:

(a) Group A.1.- Merchandise included in this group could be imported without licencing. Settlement for such imports should be made through a bank and in the currency in which trade with the exporting country was conducted, applying the so-called "crossrate" system (a computation involving the parity of the foreign currency involved in respect to the U.S. dollar);

(b) Group A.2.- Imports without quantitative limitations, but subject to control of invoice prices; such imports to be effected at a fixed rate of exchange of 60 pesos to the U.S. dollar.

(c) Group B.1.- Merchandise included in this group can be imported at a free rate of exchange, subject to previous licencing and to a quantitative control; and

(d) Group B.2.- Merchandise included in this group is subject to a yearly quota which is fixed when the Budget is established; such imports to be effected at a fixed rate of exchange of 60 pesos to the U.S. dollar.

This system remained in force, without any modification, until June 1952, at which date it had to be modified in view of the decision taken by the Contraloria General de la Republica, who, within the exercise of their exclusive faculties, invalidated the action of the Consejo Nacional de Comercio Exterior, which established a free sector, corresponding to Group A.1 mentioned above. At the same time, the prices of a great number of raw materials in the international markets declined sharply, thus affecting the main Chilean exports, a situation which was not offset by any corresponding reduction in prices which Chile had to pay for the essential products it has to import.

In view of this position, the Ministry for Economy and Trade enacted Decree No. 913, of 7 June 1952, re-establishing the system of previous licensing requirements for goods included in any of the groups mentioned in the existing estimated computation of foreign exchange movements, including the merchandise classified under Group A.1.

This Modification does not constitute an intensification of import restrictions. In practice, the goods previously classified under Group A.1 have been transferred to Group B.1, and therefore, they are only subject to a quantitative control, which in no way implies the fixing of any quota or any discrimination as between sources of supply. This only means that the general principle followed in the preparation of the foreign exchange budget is consistently applied to the effect that imports are regulated so as to maintain import expenditures in foreign currencies within the limits of corresponding earnings.

It can be added that the regularisation of Chilean exports of copper makes it possible for the Consejo Nacional de Comercio Exterior to deliver an ever increasing number of import licences, thus bringing back to normal this aspect of commerce.

The text of Decree No. 913, of 7 June 1952, mentioned above is given hereafter, as the main supporting document.

Decree No. 913 of 7 June 1952

CONSIDERING

That, under Decree No. 72 of 24 January 1952, the estimated computation of foreign exchange movements during the present year was approved at a level of U.S. dollars 447,672,152;

That this computation includes both monies reserved for imports to be effected at preferential rates and estimated amounts to be spent on imports in the so-called free sector;

That the greater volume of goods imported at a free rate of exchange is classified by virtue of the decision of the Consejo Nacional de Comercio Exterior under Group A.1. which does not lay down any previous control requirements;

That the present foreign exchange situation of the country makes it necessary to eliminate this system and to substitute therefor another system which can make it possible to know in advance the amount of the commitments necessary to cover such imports;

That it is, therefore, necessary to eliminate the system corresponding to Group A.1. which is included in the existing estimated computation of foreign exchange movements and to re-establish previous import licence requirements in accordance with the directions of the Contraloria General de la Republica in its report no. 15422 of 14 April last addressed to the Consejo;

According to the information given by the Central Bank in their notes dated 24 and 29 May of this year; and

In conformity with the provisions of Articles 2, 8 and 10 of Law No. 9839 and of Article 1 of Law No. 5202

IT IS DECREED

Article 1.- the Consejo Nacional de Comercio Exterior shall submit to the system of previous import licencing goods included in any of the classifications which appear in the existing estimated computation of foreign exchange movements, including items classified under Group A.1.

Article 2.- It is understood that the sums to be utilised for imports, at a free rate of exchange, of goods classified under the relevant items of the estimated computation of foreign exchange movements for 1952, approved by Decree 72 of 24 January last, shall not exceed the estimated income in the corresponding currencies which appear in the above mentioned computation.

Article 3.- Imports effected prior to the date of this decree without previous licencing requirements and imports of goods en route at that date shall be settled by the Consejo Nacional de Comercio Exterior subject to satisfactory evidence resulting from supporting documents.

Article 4.- The Consejo Nacional de Comercio Exterior will only authorise imports of goods classified under items which appear in the estimated computation of foreign exchange movements for the present year.

The inclusion of new import items in the above mentioned estimated computation shall be effected by Supreme Decree upon the advice of the Governing Body of the Consejo Nacional de Comercio Exterior.

Article 5.- This decree shall enter into force on the date of its publication in the Official Gazette.