

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

W.15/25

14 November 1959

Limited Distribution

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CONTRACTING PARTIES  
Fifteenth Session

Working Party on Nicaraguan Import Duties

## DRAFT REPORT TO THE CONTRACTING PARTIES

1. In accordance with its terms of reference the Working Party has examined the Nicaraguan request, as set out in document L/983, for a waiver of its obligations under Article II in respect of certain specified items which are included in Schedule XXIX annexed to the General Agreement. The Working Party took note of the statements made by the representatives of Nicaragua and the International Monetary Fund at the plenary meeting and discussed further with them various aspects of the matter. In the light of the discussions, the Working Party has drawn up a draft decision, attached hereto, for adoption by the CONTRACTING PARTIES.
2. In the course of the discussion attention was called to a statement in the Nicaraguan communication in L/983 that the rate of consular fees would be increased from 5 to 7 per cent of the f.o.b. value of the imports. Certain members referred to the provisions of the General Agreement and the Recommendations which the CONTRACTING PARTIES made in 1952 and 1957 concerning consular formalities, and a discussion took place on the level and effects of the increase in the Nicaraguan consular fees. The Committee agreed, however, that a consideration of the consular fees of Nicaragua appeared to fall outside its terms of reference, and noted that it would be open to any contracting party to pursue the matter with Nicaragua, or eventually to raise the question with the CONTRACTING PARTIES, in accordance with the appropriate provisions and procedures of the General Agreement.

DRAFT DECISION ON THE TEMPORARY INCREASE IN  
NICARAGUAN IMPORT DUTIES

Considering that the Government of Nicaragua has notified the CONTRACTING PARTIES

- (a) that owing to the decline in the prices of coffee and cotton and to other factors, the deficit in its balance of payments in 1958 reduced Nicaragua's international reserves to a very low level,
- (b) that in order to safeguard the monetary reserves the Government of Nicaragua has considered it necessary to take certain measures including a temporary increase in the customs duties on various products which are considered to be less essential to the economy, and
- (c) that the products to be affected by such increase include certain items on which Nicaragua assumed obligations under Article II and which are included in Schedule XXIX annexed to the General Agreement,

Considering that, in the view of the Government of Nicaragua, it would be entitled in the circumstances to restrict imports in accordance with the provisions of Article XII of the General Agreement, but that it has chosen to resort to various other measures, including the temporary increase in customs tariffs, which in its view are less restrictive of trade than quantitative restrictions,

Considering that the Nicaraguan Government has undertaken to remove the additional duties by gradual stages as the threat of a decline to its monetary reserves decreases,

Having consulted fully with the International Monetary Fund in accordance with Article XV:2 of the General Agreement, and considering that the Fund confirmed that Nicaragua's international reserves had been reduced to, and have continued to be, a very low level, and noting its statement that the likely fiscal and monetary effects of the various measures being undertaken, including the increase in import duties, are not more than are consistent with the success of Nicaragua's programme designed to restore internal equilibrium and to strengthen its balance-of-payments position.

Considering, however, that the increase in customs duties of Nicaragua is inconsistent with the provisions of Article II of the General Agreement in so far as it applies to products specified in Schedule XXIX,

The CONTRACTING PARTIES, acting pursuant to the provisions of paragraph 5 of Article XXV of the General Agreement and in accordance with the procedures adopted by them on 1 November 1956,

Decide to waive, subject to the terms and conditions laid down hereunder, the provisions of paragraph 1 of Article II of the General Agreement to the extent necessary to allow the Government of Nicaragua to apply the proposed temporary increase in customs duties, as an emergency measure designed to overcome the existing threat to its monetary reserves and to ensure the success of its stabilization programme, to those items included in Schedule XXIX which are specified in the table annexed hereto, it being understood that the increased duties shall be levied in a manner consistent with the provisions of Article I of the General Agreement, subject to the Decisions of the CONTRACTING PARTIES of 25 October 1951 and 13 November 1956 concerning the Nicaragua/El Salvador Free Trade Area and Nicaragua's participation in the Central American Free Trade Area.

Terms and Conditions

1. The temporary increase of customs duties on the products specified in the annexed list shall not exceed the rates indicated therein.
2. The increases authorized under this Decision shall be progressively reduced or eliminated and shall be applied only to the extent that the circumstances giving rise to their introduction still justify their application. They shall be totally eliminated not later than 30 June 1962.
3. In the application of the increased duties under this Decision, the Government of Nicaragua shall take appropriate measures to avoid unnecessary damage to the commercial or economic interests of other contracting parties and to impairment of regular channels of trade.
4. The Government of Nicaragua shall submit, before 15 September of each year, a report on the action taken to reduce or eliminate the increases in duties maintained under this Decision and on the circumstances which in its view still justify the application of the increases in duties not yet eliminated.
5. If any contracting party considers that the effect of the increases in duties maintained under this Decision is unduly restrictive, and that damage to its trade is caused or threatened thereby, it may make representations to the Government of Nicaragua which shall accord sympathetic consideration to such representations and afford that contracting party adequate opportunity for consultation.
6. If such consultation does not lead to satisfactory results, the contracting party concerned may request the CONTRACTING PARTIES to invite Nicaragua to enter into consultations with them. If, as a result of these consultations with the CONTRACTING PARTIES, no agreement is reached and if they determine that the effect of the increases in duties is unduly restrictive and that serious damage to the trade of the contracting party initiating the procedure is threatened or caused thereby, the contracting party initiating the procedure will be released from its obligation to apply to the trade of Nicaragua concessions initially negotiated with Nicaragua to the extent that the CONTRACTING PARTIES determine to be appropriate in the circumstances.

ANNEX

Rates of Temporary Increase in Customs Duties  
Authorized under the Decision

<u>Tariff Item Number</u>	<u>Description of Product</u>	<u>Increase in</u> <u>Ad valorem Rate</u> <u>of c.i.f. Value</u>
721 - 19 - 03	Insulators for electric installations of any kind	5%
Ex 732 - 03 - 02	Trucks, pick-up trucks and panel trucks, tank trucks, and refrigerator trucks	5%
Ex 734 - 01 - 00	Airplanes and helicopters for public service	5%
Ex 022 - 01 - 01 - 2	Milk and cream, condensed	10%
048 - 02 - 00	Malt of any kind	10%
Ex 721 - 02 - 00	Batteries and electric batteries, primary, dry and wet	10%
721 - 04 - 02	Transmitting and receiving tubes for radio	10%
721 - 04 - 04	Condensers, filters and other accessories and parts n.e.s., for apparatus mentioned in sub-item 721 - 04 - 01 (except cabinets which are classified according to the material)	10%
721 - 19 - 07	Sockets, plugs, interruptors or switches, fuses, connexion boxes and other electric accessories, etc.	10%
Ex 732 - 01 - 01	Automotive vehicles (jeeps and similar)	10%
Ex 732 - 06 - 00 - 8	Spare parts for motor cycles.	10%
899 - 17 - 08 - 1	Ribbons for typewriters and similar, with or without reels	10%
075 - 01 - 00 - 1	Pepper, white or black, unground	15%
075 - 02 - 05 - 1	Cloves, annatto, cumin, fennel, annatto, thyme and other spices n.e.s. including dehydrated capers	15%

<u>Tariff Item Number</u>	<u>Description of Product</u>	<u>Increase in Ad valorem Rate of c.i.f. Value</u>
112 - 01 - 03	Champagne	
112 - 04 - 04 - 1	Brandy	15%
112 - 04 - 04 - 3	Whisky in bottles	15%
412 - 05 - 00	Olive oil (1) Except the olive oil with 85% or more acidity content	15%
533 - 03 - 01 - 1	Bituminous paints	15%
533 - 03 - 01 - 2	Other prepared paints	15%
533 - 03 - 02	Enamels, lacquers and varnishes, prepared	15%
653 - 05 - 02 - 2	Cloth, n.e.s. of rayon without mixture of other textile fibres weighing more than 50 grammes and not over 100 grammes per square meter	15%
653 - 05 - 02 - 3	Same, weighing more than 100 grammes per square meter and not over 200 grammes per square meter	15%
653 - 05 - 02 - 4	Same, weighing more than 200 grammes per square meter	15%
Ex 653 - 05 - 03 - 3	Cloth of rayon, n.e.s., with more than 10% and less than 50% by weight of cotton	15%
653 - 06 - 00 - 1	Fabrics of textile fibres mixed with base metal yarn	15%
654 - 01 - 01 - 1	Cotton lace	15%
654 - 01 - 01 - 2	Linen lace	15%
654 - 01 - 02 - 1	Tulle, net and netting, of cotton	15%
654 - 01 - 02 - 2	Tulle, net and netting, of linen, of all kinds	15%
Ex 665 - 02 - 00 - 1	Articles for the house and other articles for domestic use, for hotels and restaurants of pressed or blown glass not worked	15%

<u>Tariff Item Number</u>	<u>Description of Product</u>	<u>Increase in Ad valorem Rate of c.i.f. Value</u>
Ex 714 - 01 - 00	Typewriters and their parts	15%
714 - 02 - 02	Machines for accounting or statistics, and typewriters provided with a mechanical calculator, electric or not, their parts and accessories	15%
714 - 02 - 03	Calculating or adding machines, electric or not	15%
721 - 19 - 02 - 1	Electric storage batteries (except primary batteries) stationary or for vehicles	15%
734 - 03 - 00	Spare parts n.e.s., for heavier than air aircraft	15%
841 - 01 - 03	Stockings and socks of rayon (artificial silk) pure or mixed	15%
862 - 01 - 02	Sensitized film for photography (except those for motion pictures)	15%
863 - 01 - 00 - 2	Motion picture films (other than educational and scientific) exposed, developed or not, silent or sound	15%