

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

BOP/16

5 September 1962

Limited Distribution

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Committee on Balance-of-Payments Restrictions

1962 CONSULTATION UNDER ARTICLE XII:4(b), (UNREVISED) WITH

U R U G U A Y

Basic Document for the Consultation<sup>1</sup>

1. Legal basis of the restrictions

The system of prior deposits with which this document is primarily concerned was brought into effect by the publication of the Exchange and Monetary Law of 17 December 1959. Under this Law the Executive Power has authority to establish surcharges or to prohibit in a general or individual form the total or partial import of merchandize. The Executive Power may

- (a) establish prior deposits;
- (b) establish surcharges not higher than 300 per cent of the c.i.f. price of merchandize, commodities, products and goods which are non-essential, luxuries and/or competitive with national industry; and
- (c) prohibit for a period of six months (which may be extended) the total or partial importation of merchandize, commodities, products, and goods which are non-essential, luxuries and/or competitive with the national industry.

The Executive Branch is also authorized to exempt temporarily from the payments of customs and additional duties, taxes on imports, taxes on transfers of funds abroad, and port fees, the merchandize included in the Decree of 24 April 1959. These include medicine, X-ray films, X-ray apparatus, medical and surgical equipment destined to be used in hospitals and other public health institutions: certain drugs; and fertilizers, machinery, tools and other commodities required for the development of agriculture, cattle raising and farming.

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<sup>1</sup>This document has been prepared by the secretariat on the basis of information available to it. It is circulated subject to correction and completion by the Government of Uruguay.

A Decree published on 29 December 1960 substantially modified the prior deposit system which had been in force since December 1959 and established the system currently applied. This Decree also modified the surcharge system and permitted the import into Uruguay of those goods whose importation had previously been prohibited.

## 2. Methods used in restricting imports

Under the Decree referred to above the Uruguayan Government has established lists of products denoting goods which are either exempt from surcharge or on which surcharges of 40, 75, 150 or 300 per cent are leviable. The incidence of surcharges is dependent on the degree of essentiality of the goods or the extent to which they compete with the products of local industry. All goods not appearing on these lists are liable to 150 per cent surcharge. A prior deposit of 100 per cent must be established with the Bank of the Republic for the importation of all items liable to a surcharge of 150 per cent or above.

Prior deposits are paid at the time of presentation of import declarations and are normally retained for a period of nine months. However, in the case of certain motor vehicles and chassis therefor, the period of retention is twelve months. After the expiry of the required period the deposits are returned on presentation of the appropriate customs clearance certificate.

The calculation of value for the purpose of determining prior deposits is based on the actual c.i.f. value of the goods concerned, except in cases where a notional c.i.f. value is specified or where importation into Uruguay of a product is made at a price below that product's normal price in international trade. In the former case, the notional value, and, in the latter, the average normal price in international trade will be employed for the calculation of value for prior deposit purposes. In all cases the c.i.f. price for calculation of value for prior deposits will be the price of the product concerned when new even if it is imported secondhand or in a reconditioned state.

Imports made by the Government, its agencies and departmental governments are exempt from prior deposits and the Government has the power to waive the establishment of prior deposits in cases where it considers importation is in the public interest.

A procedure has been established (by the Decree of 29 September 1960 as amended by a Decree of 25 October 1960) whereby importers can seek to alter the classification of goods as being competitive with the products of local industry so that the surcharge on such goods can be removed or lowered. To the extent that reclassification involves the surcharge being reduced below 150 per cent, the 100 per cent prior deposit requirement is also abolished for the goods concerned.

3. Treatment of imports from different sources

The Law and the Decree referred to above make no mention of any differentiation of treatment of imports from different sources of supply.

4. Commodities affected by the restrictions

The secretariat has compiled, from material available to it, a list, in English, of those products for which prior deposits are not required. This list is available for reference at the secretariat.

5. Use of State trading or government monopoly in restricting imports

No commodity is subject to State trading.

6. Measures taken since the last balance-of-payments consultation (30 May 1960) to relax or otherwise modify the restrictions

The Decree of 29 September 1960 substantially modified the prior deposit system hitherto in force. Up till that date prior deposits of 50, 100, 150 and 200 per cent had been charged on a wide range of goods and a prohibition existed on the importation of a further category of goods. The lists of products established at the time of the publication of the Decree of 29 September 1960 have been amended subsequently as certain items hitherto liable to 150 per cent surcharge and 100 per cent prior deposit have been reclassified into the nil or lower surcharge categories. Such amendments have been taken into account in the compilation of the list mentioned in Section 4 above.

7. Effects of the restrictions on trade and general policy in the use of restrictions for balance-of-payments reasons

[Statement to be supplied by the Government of Uruguay.]