

RESTRICTED

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## 1968 CONSULTATION WITH SPAIN

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

#### Report on Quantitative Import Restrictions Applied by Spain

##### I. Legal and administrative basis of restrictions

The legal basis of the import restrictions is still as notified in earlier reports.

##### II. Methods used in restricting imports

Imports into Spain are effected under five different systems: free imports, the global quota régime, individual licensing, State trading, and special régimes.

A description of the conditions governing imports under each of the above systems was given in the document submitted for the 1966 consultation, and was included in GATT document BOP/56 of 23 March 1966.

The only changes since the consultation last year are in the number of global quotas and the volume of trade that has taken place under each system. These will be referred to in greater detail in a later section of this report. The following products were liberalized in 1967, having previously been under global quota: paper and paper manufactures; nails, bolts, nuts etc. of iron and steel; household and sanitary articles; and outboard motors and parts.

##### III. Treatment of imports from different sources, including information concerning bilateral agreements

A list of the countries with which Spain has bilateral agreements is given in Annex I to this report; it will be noted that the agreement with Mauritania is no longer in force, and payments are now to be made in convertible currency.

<sup>1</sup>Material supplied by the Government of Spain.

The list of countries to which the free import régime applies is the same as appeared in Annex I to last year's report, with the addition of the countries that acceded to independence in 1967 and are contracting parties to the General Agreement.

IV. Products or groups of products affected by the various forms of restrictions

The situation of the various groups of products in relation to the different forms of restriction applied is still as indicated in earlier reports, with the exception of the four products mentioned above as having been liberalized in 1967 (Annex II).

It should also be noted that, in order to ease the serious situation with which the Spanish cheese industry is faced, the Spanish Government decided to suspend in part the liberalization of tariff heading No. 04.04 (Cheese and curd), as notified to GATT on 30 June 1966 (document L/2670 of 11 July 1966).

This measure affects only processed cheese in portions, and grade II cheese.

Negotiations on the measure were initiated on a multilateral basis during the Kennedy Round, but the principal producing and exporting countries did not reach a satisfactory agreement, and the negotiations are now continuing at bilateral level.

V. Use of State trading or governmental monopoly for restricting imports for balance-of-payments reasons

There has been no change in the nature and content of State trading since the last report submitted to the Committee.

VI. Measures taken since the last consultation for relaxing or modifying restrictions

Only very few changes have been made in 1967 in import restrictions. Nevertheless, severe strain on the balance of payments and the economic situation of some Western countries that culminated in devaluation of certain currencies have prevented the Spanish Government from pursuing its liberalization policy.

Despite this, a number of measures have been taken that are of great importance having regard to the economic situation of the majority of Western countries. The measures are as follows:

I. The number of global quotas was reduced from 63 to 59 in 1967, as a result of the liberalization of imports of the following products, formerly subject to global quota: paper and paper manufactures; nails, bolts, nuts etc. of iron and steel; household and sanitary articles; outboard motors and parts.<sup>1</sup>

<sup>1</sup>Note by the secretariat: with the exception of "household and sanitary articles" (quota No. 40) the other liberalized quotas (Nos. 25, 38 and 47 - see Annex II) were already notified to GATT in document BOP/67 of 22 June 1967.

Despite the reduction in the number of global quotas, the value of the global quotas established was \$18 million higher than in the preceding year, reaching \$165,962,000 calculated at the rate of exchange of \$1 = 60 pesetas.

2. The bilateral agreement with Mauritania is no longer in force, and payments are now to be made in convertible currency.

3. As an autonomous and temporary measure, the customs duties on 82 tariff headings have been reduced, the reduction being at the rate of 100 per cent of the duties previously in force on 43 of these headings (Annex III).

4. In 1967 also, reductions were granted in the internal charges of counter-vailing tax (Impuesto de Compensación de Gravámenes Interiores) on 69 tariff headings, with a 100 per cent reduction on 30 of these headings (Annex III).

5. Conditions of access for foreign capital have been improved; the Bank is now able to open accounts in convertible currency, without prior authorization, for non-resident foreign persons or corporate bodies.

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

The continuous upward trend in imports since 1960 ended in 1966, when Spain's imports reached a record level of \$3,300 million, representing an increase by 19 per cent over the preceding year.

In 1967, due to circumstances which will be analyzed in greater detail in the next section of this report, imports declined by \$100 million to \$3,200 million, representing a 3 per cent reduction.

Despite balance-of-payments difficulties, the Spanish Government has maintained its earlier liberal import policy, and the 3 per cent decline in imports in 1967 as compared with the preceding year is basically the result of two facts: first, improved agricultural production following seasonal variations in domestic harvests, and second, restrictive measures which the Spanish Government was obliged to take at internal level in order to reduce the constant and progressive increase in the balance-of-payments deficit, and in order to combat inflation and internal tensions. These measures were taken in accordance with recommendations by international organizations, in particular the OECD; the OECD economic survey of Spain for the years 1966-1967 (Paris, July 1967) states in Section II(c) page 32 that the first tasks of economic policy should be to control the total growth of demand, and to correct the unbalanced composition of domestic demand in order to reduce expenditure by the public sector.

This economic policy has naturally had the effect of reducing internal demand for certain goods, whether domestic or imported.

As may be seen from Annex IV, the volume of imports in 1967 was below the 1966 level, though still greater than in 1965. It may also be seen from the same table that the reduction in imports was principally in respect of goods subject to State trading or global quotas, while imports of liberalized goods continued to increase, from 66.87 per cent of the total in 1966 to 72.44 per cent in 1967.

So far as global quotas are concerned, the reduction was the result of stricter application of the system, because of balance-of-payments difficulties. Nevertheless, as already indicated, the value of global quotas set up in 1967 was \$18 million greater than in the preceding year, although imports authorized under the global quota system declined from \$376,365,000 to \$289,673,000. Accordingly, having regard to the fact that, as indicated in our previous report (page 4), certain global quotas in practice imply the granting of all import licence applications, the Spanish Government has been obliged to supervise the utilization of global quotas to ensure that imports under this system do not exceed the target level, as was the case in 1966. Imports authorized under this system have risen from an initial value of \$166 million to \$290 million, i.e. to a level 74.7 per cent above the value of the global quotas fixed at the beginning of the year.

So far as State trading is concerned, the reduction is the result of smaller imports of agricultural products under this system, because of seasonal variations in domestic harvests.

#### VIII. Balance of trade and payments in 1967. A brief summary of elements and trends

Despite the fact that the basic balance showed a surplus of \$76 million, foreign exchange reserves declined by \$138 million in 1967. This means, on the one hand, that in the more stable transactions with other countries there was a major change from earlier years; and, on the other hand, that the balance was influenced by factors difficult to control that were the causes of the above-mentioned anomaly.

It may be of interest to comment on the circumstances responsible for the surplus in Spain's general balance for 1967. The trend in foreign transactions was mainly the result of internal measures to restrict domestic demand, including the following: increase in the re-discount rate, establishment of re-discount ceilings and ceilings for bank credit, amendment of terms for instalment sales, raising the minimum down payment and reducing the maximum period for payment of the balance, limitation of public expenditure, freezing of prices and wages, and amendment of interest rates on credit and debit transactions by savings banks and commercial banks. As already indicated, these measures were taken in accordance with recommendations by the international organizations, as stated in the OECD economic survey of Spain for 1966-1967 (Paris, July 1967), Section II(c).

Lastly, one should not overlook the effects of the devaluation of the peseta in November 1967 although these were less significant.

The internal measures mentioned above have all, to a greater or less extent, influenced the balance of payments. In order to be able to form an opinion on characteristics and trends, one should therefore analyze its component elements, with particular emphasis on what we might call the nerve centres of Spain's balance of payments. In other words, before one can draw conclusions concerning the balance-of-payments situation for coming years, one should first study the trend in the trade balance, the circumstances that will determine its future development, and in a word the outlook for what is by now a traditional trade deficit, and prospects for other elements of the balance of payments.

A. Trade balance

According to the information available, the trade deficit for 1967 was \$211 million lower than in the preceding year, falling from \$1,992 million to \$1,781 million as may be seen from the following table:

	(\$ million)			
	1964	1965	1966	1967
Imports	2,081	2,778	3,300	3,200
Exports	1,004	1,019	1,308	1,419
Annual deficit	1,077	1,759	1,992	1,781

As can be seen, the reduction in the trade deficit was the result of a smaller volume of imports coupled with larger export earnings. This fact is important, and all the more so if the factors that caused it are durable. In other words, one should consider whether the variations in imports and exports were the result of conjunctural reasons and accordingly temporary, or whether on the contrary they are attributable to permanent reasons that will continue to have the same effect in future years.

So far as exports are concerned, two facts should be noted that considerably affected the export expansion. On the one hand, the measures adopted by the Spanish Government to restrict internal demand resulted in some surpluses that found an outlet in foreign markets. On the other hand, the devaluation announced by the Spanish Government in November 1967 began to show results in the last two months of the year. The export growth is therefore not attributable to any structural changes in our producing and exporting sector, but to a conjunctural situation resulting from certain internal restrictions, because this trend cannot be said to have been substantially affected by the devaluation. The effects of the devaluation will not become fully apparent for some time yet. Agricultural products are of particularly great importance in our export trade, and because of the restrictive measures at present applied by some industrialized countries that are among the major consumers of our produce, future prospects for our earnings from these exports are not encouraging. In this connexion we may recall the not very satisfactory results of the Kennedy Round so far as trade in agricultural products is concerned.

On the import side, the reduction in 1967 was the result of stricter application of the global quota system and also of a good harvest, as already mentioned. Account should also be taken of the fact that as a result of the lower level of investment in 1967 and the internal restrictive measures taken by the Spanish Government, the growth rate of gross national product declined from 7.8 in 1966 to 3.5 in 1967; a still lower rate is expected for 1968 and this has inevitably affected the volume of imports.

These considerations are illustrated by the following table in which total imports are broken down into six major product groups:

	(\$ million)			
	1964	1965	1966	1967
Foodstuffs	380	573	672	653
Fuels	251	270	314	395
Raw materials	576	715	886	799
Semi-manufactures	281	472	493	413
Capital goods	633	819	998	1,001
Consumer durables	130	169	225	222

The smaller volume of imports of foodstuffs and raw materials, the slow development of imports of capital goods, and the persistence of imports of durable consumer goods all go to confirm what we have already said.

Accordingly, to be able to draw any conclusions concerning the future evolution of Spain's trade balance, one must first wait for the unfreezing of wages and income that were established in 1967 and for the resumption of economic activity expected in 1969, and then see how the Spanish economy reacts. Furthermore, account must be taken of the fact that the effects of a devaluation are not immediate but only become fully apparent after some time.

Generally speaking, the future prospects for our trade balance are not very encouraging, because of numerous obstacles to expansion of our principal agricultural exports to developed countries that are traditional markets for Spain's temperate agricultural products. In the short term, our industrial exports cannot be expanded sufficiently to offset the stagnation in our agricultural exports, particularly having regard to the fact that Spain is in the process of economic development and industrialization and a large part of our industrial output is required to meet the growing needs of the internal market. For Spain, like other developing countries, the lack of adequate trade networks, export financing problems and insufficient knowledge of Spanish products all constitute serious obstacles to expansion of industrial exports.

In summary, demand for Spain's agricultural exports is stagnating, largely as a result of non-tariff barriers that prevent its expansion, and on the other hand our import demand is conditioned by a necessary process of economic development; for the time being, Spain is therefore faced with a permanent and growing trade deficit and any change in this situation in the near future will be difficult because it seems unlikely that either of the two mentioned conditions will disappear or change substantially.

B. Balance of payments

The table below gives the figures for the period 1964-1967, illustrating the trend in Spain's balance of payments over this four-year period.

	(\$ million)			
	1964	1965	1966	1967
Exports f.o.b.	1,004	1,019	1,308	1,419
Imports f.o.b.	2,081	2,778	3,300	3,200
Trade balance	-1,077	-1,759	-1,992	-1,781
Tourism and travel	852	1,027	1,201	1,110
Other services	- 70	- 124	- 102	- 243
Balance on goods and services	- 295	- 846	- 984	- 914
Transfers	327	359	418	450
Balance on goods, services and transfers	32	- 487	- 566	- 464
Long-term capital	243	298	339	540
Total	275	- 189	- 227	76
Errors and omissions	43	48	32	- 214

The above table shows how the modest surplus in the general balance is entirely absorbed by foreign exchange movements under the heading "Errors and omissions" resulting in a reduction of \$138 million in our foreign exchange reserves so that the balance of our external accounts continues to be negative, as in earlier years.

In addition, the balance of payments brings out certain elements and facts that show the unreliability of some sectors which are the most important sources of foreign exchange. We refer to changes in the tourism and transfer balances.

The balance on services had been showing increasing surpluses, but the surplus was smaller in 1967 (\$867 million, as against \$913 million in 1965). This fact is particularly significant if we take into account the tremendous importance of the balance on services for compensating the huge trade deficit.

As is well known, net receipts from tourism constitute the most important item in Spain's balance of payments. After a 25 per cent increase in net receipts from tourism in 1965, and a 13 per cent increase in 1966, their level was 6 per cent lower in 1967 than in the preceding year. There were various reasons for this, including the following:

1. The critical situation of many Western economies, in particular Great Britain, which is one of the principal sources of foreign tourists who come to Spain, will mean a substantial reduction in receipts expected under this heading.

2. The rise in internal prices has also contributed to reducing tourist traffic.

Having regard to the most recent world events, prospects for the next few years are not encouraging. We may mention the following:

1. Great Britain's maintenance of restrictive measures on tourist travel abroad, which will continue to reduce the number of British tourists.

2. The recent measures adopted by the United States Government to protect its balance of payments, by limiting the number of American tourists abroad, and also direct investments.

3. The recent crisis in France first caused a substantial reduction in French tourist travel in the spring, the effects of which in coming months will not be favourable.

It might have been thought that the recent devaluation of the peseta could offset these adverse elements, but the international financial crisis resulting from the balance-of-payments deficit of the reserve currency countries, which was further aggravated by the recent crisis of the franc, is threatening to cancel the benefits that our currency devaluation might have brought.

Mention should also be made of the substantial deficit under the heading "Other services"; this results from the Spanish Government's liberal policy concerning foreign investments in our country, because the major part of this deficit represents payments for investment income and for patent fees and royalties.

It is a well-known fact that the Spanish Government has been adopting increasingly liberal measures concerning incoming capital into Spain, as may be seen from the increase in the credit balance under the heading "Long-term capital", the inverse consequences being payments for royalties, dividends and interest shown in the balance on services. To the extent that foreign capital finds the Spanish market attractive, and provided the Spanish Government continues its present liberal policy in this respect, the balance on services will cease to be one of the equilibrating elements in the balance of payments. The effects of these elements will not become apparent in the immediate future, but they must be taken into account in any analysis of prospects for our relations with other countries. It is not possible to predict what the repercussions on the balance of payments will be, but they may not be favourable.

So far as the balance of transfers is concerned, the very substantial increase in the net result should nevertheless be accorded its real significance. On the one hand the heading "Remittances from emigrants", comprising money sent home by Spanish workers abroad, showed a smaller net surplus in 1967 than in the preceding year. The principal causes of this reduction were the lower level of economic activity in the countries employing Spanish manpower, in particular Germany and Switzerland, and the latter country has introduced a series of restrictions in this respect; in addition the number of workers leaving Spain was smaller in 1967.

On the other hand, there has been a substantial increase in net receipts under the heading "Other private transfers", comprising final repatriation of capital by Spanish workers abroad. In connexion with emigration, certain events took place in 1967 that are of great importance and will affect the future balance on transfers. In 1967, the number of Spanish workers leaving the country was smaller than the number of Spanish workers returning home. This was due to two factors: on the one hand, a slowing down in economic activity in some European countries, and on the other hand better economic prospects for the worker in Spain. It is therefore to be expected that in future net income on private transfers will contribute less than in earlier years to offsetting the substantial trade deficit.

Having regard to events in 1967, it can easily be appreciated that the Spanish Government's policy is to endeavour by every possible means to ensure equilibrium in its balance of payments, without resorting to new measures that would hamper the free development of trade flows. In the light of world events already referred to, however, no changes in Spain's trade system will be possible for some time. Because of the economic situation of certain European countries, together with the international financial crisis, prudence is required in planning future trade policy. Furthermore, so long as some countries continue to restrict imports of certain products that are of fundamental importance for our export trade, thus preventing the establishment of real expansion policies in the agricultural sector, it is very difficult for the Spanish Government to do as it would wish, namely to revert to a policy of liberalizing imports in a progressive and definitive manner.

Annex I

COUNTRIES WITH WHICH SPAIN HAS BILATERAL AGREEMENTS

Republic of China	Syria
Colombia	Bulgaria
Mexico	Cuba
Morocco	Czechoslovakia
Paraguay	Eastern Germany
United Arab Republic	Hungary
Uruguay	Poland
Yugoslavia	Rumania

Annex IIGLOBAL IMPORT QUOTAS FOR 1967

Quota No.	Goods	Tariff heading	Amount of annual quota in pesetas	Method of calling
1	Hops	12.06	29,040,000	Single
2	Meat preserves	16.01 ex 16.02	24,000,000	Single
3	Fruit preserves	20.03 20.04 ex 20.05 ex 20.06 20.07 B	24,000,000	Single
4	Preserves for children	ex 16.02 ex 20.05 ex 21.07 B	6,500,000	Single
5	Miscellaneous food products	19.04 ex 21.07 B	5,000,000	Single
6	Soups and soup preparations	21.05	10,000,000	Single
7	Beer	22.03	11,000,000	Open permanently
8	Fish meal	23.01 B	174,000,000	Open permanently
9	Coking coal	ex 27.01 A	158,400,000	Open permanently
10	Anthracite	27.01 B 15.10 B	19,600,000	Open permanently
11	Inorganic chemical products	28.02 28.14 A-1 28.15 B 28.41 B-3 ex 28.46 B	43,200,000	Six-monthly
12	Organic chemical products	17.02 A-1 17.02 B-1 ex 29.25 H 29.42 A 29.42 C 29.44 A 29.44 B	35,000,000	Six-monthly
13	Pharmaceutical specialities	ex 30.02 A-2 ex 30.02 B-2 ex 30.03 A-2 ex 30.03 B-2	91,920,000	Open permanently

Quota No.	Goods	Tariff heading	Amount of annual quota in pesetas	Method of calling
14	Varnishes, inks, pigments and similar preparations	32.09 A ex 32.09 D	30,000,000	Six-monthly
15	Perfumery, toilet and cosmetic preparations	33.06	18,000,000	Six-monthly
16	Tensoactive preparations, preparations for soaps, lubricating preparations, glues and miscellaneous products of the chemical industries, not liberalized and not included in other quotas	34.02 B 34.03 B ex 35.05 ex 38.07 ex 38.08 38.19 F ex 38.19 G	103,680,000	Six-monthly
17	Phenoplasts and furan resins	39.01 A	40,000,000	Six-monthly
18	Aminoplasts	39.01 B	26,640,000	Six-monthly
19	Other condensation, polycondensation and polyaddition products	39.01 C ex 39.01 G	24,000,000	Six-monthly
20	Polymerization styrene products and their derivatives	39.02 C	9,240,000	Six-monthly
21	Polyvinyl chloride	39.02 E	26,400,000	Six-monthly
22	Other polymerization and copolymerization products	ex 39.02 A 39.02 G-2 39.02 L 39.02 M ex 39.03 A 39.07 B	48,000,000	Six-monthly
23	Manufactures of artificial plastic materials, of cellulose esters and of artificial resins		38,016,000	Six-monthly
24	Non-liberalized wood manufactures	44.15 44.16 44.18 48.09	12,000,000	Six-monthly
25*	Paper and its manufactures	Liberalized	Liberalized	Liberalized
26	Miscellaneous textile fibres	50.02 50.03 ex 57.03 A 57.03 B 57.03 C 57.04 A-1 57.04 B-2-a 57.04 C	10,000,000	Six-monthly

\*Liberalized quotas.

Quota No.	Goods	Tariff heading	Amount of annual quota in pesetas	Method of calling
27	Yarn of miscellaneous fibres	50.04 50.05 50.06 50.07 50.08 55.05 55.06 57.06	15,000,000	Six-monthly
28	Yarn of coconut fibre	57.07 C	39,600,000	Six-monthly
29	Fabrics of miscellaneous fibres	50.09 50.10 55.07 55.08 55.09 57.10 ex 57.11	69,600,000	Six-monthly
30	Tulle, lace, velvet and knitted goods	58.04 E 58.08 58.09 60.01 C	15,840,000	Six-monthly
31	Special fabrics	59.07 59.08 ex 59.11 ex 59.13 ex 60.06 A	14,400,000	Six-monthly
32	Carpets and rugs	58.01 58.02 58.03	6,600,000	Six-monthly
33	Ready-made clothing	ex 60.02 ex 60.03 A-2 ex 60.03 B-2 ex 60.03 C 60.04 C 60.05 C 61.01 A ex 61.01 D ex 61.01 E 61.02 A ex 61.02 D ex 61.02 E ex 61.03 A ex 61.03 C 61.04 A	18,000,000	Six-monthly

Quota No.	Goods	Tariff heading	Amount of annual quota in pesetas	Method of calling	
33	Ready-made clothing (cont'd)	ex 61.04 D 61.05 61.07 61.09 ex 61.10 A ex 61.10 C ex 61.11 ex 62.01 B ex 62.02 ex 62.04 58.05 D ex 58.06 ex 58.07 59.01 ex 59.02 C ex 59.04 ex 59.05 C ex 59.06 ex 59.12 ex 59.14 ex 59.15 ex 60.06 B 62.03 69.11 B 69.12 B 69.13 ex 70.13 B-1 71.12 B-2 71.16 ex 73.23 Liberalized			
34	Other textile manufactures		11,000,000	Six-monthly	
35	Articles of glass and porcelain		25,000,000	Six-monthly	
36	Jewellery		7,500,000	Six-monthly	
37	Iron and steel containers			Six-monthly	
38*	Nails, bolts, nuts, etc., of iron and steel			Liberalized	
39	Stoves, (including stoves with subsidiary boilers for central heating) ranges, cookers, grates, fires and other space heaters, gas rings, plate warmers with burners, wash boilers with grates or other heating elements, and similar equipment, of a kind used for domestic purposes, not electrically operated, and parts thereof, of iron and steel	73.36	10,000,000	Six-monthly	

\*Liberalized quotas.

Quota No.	Goods	Tariff heading	Amount of annual quota in pesetas	Method of calling
40*	Household and sanitary articles	Liberalized		Liberalized
41	Other manufactures of cast iron or steel	ex 73.40 C	20,000,000	Six-monthly
42	Copper manufactures	74.19 D 74.19 E	9,000,000	Six-monthly
43	Aluminium manufactures	ex 76.15 76.16 B	10,000,000	Six-monthly
44	Hand tools for industry	ex 82.03 82.04	50,000,000	Six-monthly
45	Saws and knives	ex 82.02 ex 82.06	25,000,000	Six-monthly
46	Cutlery and table sets of iron or steel	82.09 82.10 ex 82.11 82.14	18,000,000	Six-monthly
47*	Outboard motors and parts	Liberalized		Liberalized
48	Marine engines (not liberalized) and parts	84.06 B-2-b 84.06 B-2-c 84.06 B-2-d 84.06 C-1 ex 84.06 D-2	40,150,000	Six-monthly
49	Other motors (not liberalized) and parts, for use on land	84.06 B-2-b 84.06 B-2-c 84.06 B-2-d 84.06 C-1 ex 84.06 D-2	159,500,000	Six-monthly
50	Motor pumps and motor compressors, not liberalized	ex 84.10 F-2	36,300,000	Six-monthly
51	Refrigerators up to 250 litres	ex 84.11 D-2 ex 84.15 A	125,000,000 (25,000 units)	Six-monthly
52	Dumpers	87.02 B-2	181,500,000	Six-monthly
53	Radio and television receivers	85.15 A	27,500,000	Six-monthly
54	Radio transmitters and transmitter receivers	85.15 B	60,500,000	Six-monthly
55	Non-liberalized parts for the manufacture of electrical apparatus, carbon articles for cinema projection	ex 85.15 E ex 85.24	72,600,000	Open permanently
56	Tractors	87.01 A 87.01 B-2	352,000,000 (2,928 units)	Six-monthly
57	Parts for the manufacture of tractors	ex 87.06	80,000,000	Open permanently

\* Liberalized quotas.

Quota No.	Goods	Tariff heading	Amount of annual quota in pesetas	Method of calling
58	Buses, fire-engines and parts and accessories for the manufacture of other industrial vehicles	ex 87.02 A-2 ex 87.03 B ex 87.03 C ex 87.04 B ex 87.05 ex 87.06 ex 87.04 A	220,000,000	Six-monthly except parts for manufacture. Open permanently
59	Parts and accessories for the manufacture of passenger vehicles	ex 87.05 ex 87.06 ex 87.04 A	132,000,000	Open permanently
60	Phonographs, dictaphones and other apparatus for sound recording and reproduction	92.11 C 92.11 D 92.11 E	18,800,000	Six-monthly
61	Sound recordings, not liberalized, parts and accessories for apparatus under heading 92.11	92.12 B-2 ex 92.13	24,200,000	Open permanently
62	Toys, games and sports requisites	97.01 97.02 97.03 97.04 97.05 97.08	27,500,000	Yearly
63	Capital equipment for new investment projects	Sections XVI and XVII	7,000,000,000	Open permanently

Annex IIIFIRST LIST

(DECREES OF 2 AND 13 DECEMBER 1967)

Tariff heading	Percentage reduction of customs duty	Percentage reduction of countervailing tax
03-01-A	100	90
03-02-A	100	70
05-04-A-2	90	90
09-01-A	100	-
12-03-B-2	100	50
12-03-B-3	100	50
12-03-B-4	50	50
12-03-B-5	50	50
23-01-A	100	90
25-03-C	100	60
27-07-E	100	50
29-01-A-1	100	90
29-01-B-5	100	50
29-01-B-6	100	50
29-04-A-1	50	-
29-04-B-1	40	-
29-04-B-2	60	-
29-06-A-1	100	-
29-15-D-1	100	90
29-22-A-3	-	90
29-27-B	-	90
29-30-A	100	50
29-35-G	-	90
29-38-B	-	90
32-05-A	75) 1/	-
32-05-L		-
32-05-A	50)	-
38-11-A	60	-
38-14	50	-
38-19-E-1	100	50
39-01-G-ex	50	-
39-02-G-1	100	-

<sup>1/</sup> 25 per cent reductions for c.i.f. values between Ptas 200-300 per kg. and 50 per cent for c.i.f. values higher than Ptas 300 per kg. (c.i.f. values lower than Ptas 200 per kg. are not subject to any reduction whatever).

FIRST LIST (cont'd)  
(DECREES OF 2 AND 13 DECEMBER 1967)

Tariff heading	Percentage reduction of customs duty	Percentage reduction of countervailing tax <sup>1/</sup>
40-01-A	-	90
40-01-B-1	-	90
40-01-B-3	-	90
40-02-A	-	90
40-02-B-2	-	90
41-01-A-1-a	100	100
41-01-A-1-b	100	100
41-01-A-1-c	100	100
41-01-A-1-d	100	100
41-01-A-1-e	100	100
41-01-A-4-a-1	50	-
51-01-A	40	-
53-01-A-1	90	-
53-01-A-2	75	-
53-01-B	75	-
53-01-C	70	-
53-01-D	50	-
56-01-A	40	-
56-02-A	40	-
56-04-A	40	-
73-07-B-1-a	30	-
73-07-B-1-b	30	-
73-13-A-1	-	90
73-15-B-1-f-1-a	-	90
73-15-B-2-e-ex	80	-
73-15-B-2-f-1-a	-	90
73-15-B-2-f-3	70	-
76-04-A-1	-	90
84-25-C-1-a	70	-
87-C6-ex	50	-

<sup>1/</sup> Note by the secretariat: This is to be interpreted as a percentage reduction.

SECOND LIST

(DECREES PUBLISHED IN THE SPANISH OFFICIAL JOURNAL  
DATED 28 DECEMBER 1967 AND 20 JANUARY 1968)

Tariff heading	Percentage reduction of customs duty	Percentage reduction of countervailing tax
05-04-4-1	90	90
05-04-A-3	90	90
15-11-B	100	90
23-04-B	100	100
26-01-A-2	Free	100
26-01-B	Free	100
26-01-G	Free	100
26-01-H	Free	100
26-01-M-2	Free	100
26-03-C	Free	100
27-01-A	-	100
27-04-ex	100	-
28-30-A-2-ex	80	-
29-01-B-3-ex	100	-
29-02-A-9	40	-
29-14-D	60	-
31-02-A	Free	100
38-11-B-ex	100	-
38-19-E-2	100	50
39-01-G-ex	100	50
39-01-G-ex	50	-
41-01-A-2-a)		
41-01-A-2-b)	100	100
41-01-A-2-c)		
41-01-A-4-a-2 )	100	100
41-01-A-4-b-ex)		
41-01-A-4-b-ex	100	75
41-01-A-4-c-1	60	-
41-01-A-4-c-2	100	100
41-01-A-4-d-ex	100	100
41-01-A-4-d-ex	100	75
41-01-A-4-e-1	50	-
41-01-A-4-e-2	100	100
41-01-A-5-a to		
41-01-A-5-i	100	100
55-01		-
	95% of the ad valorem duty	
	20% of the specific duty	

SECOND LIST (cont'd)

(DECREES PUBLISHED IN THE SPANISH OFFICIAL JOURNAL  
DATED 28 DECEMBER 1967 AND 20 JANUARY 1968)

Tariff heading	Percentage reduction of customs duty	Percentage reduction of countervailing tax
41-01-5-4-f-ex	100	100
41-01-4-4-f-ex	100	75
57-03-A	-	100
73-02-C	100	-
73-02-E	Free	100
73-02-F	100	100
73-03-A-2-a to 73-03-A-2-d	Free	100
73-07-B-2-a	75	-
75-01-A	Free	100
75-01-B-3-ex	Free	100
75-01-C	Free	100
75-05	100	90
76-01-A-1 A-2	40	-
81-04-K-ex	Free	100
84-25-B-ex	100	-
84-25-C-2	Free	100
84-60-ex	80	-
87-01-B-1	100	80
Chapter 84 and Chapter 87-ex	50	-

Annex IVIMPORTS AUTHORIZED IN 1965, 1966 AND 1967

Trade régime	1965		1966		1967	
	Value \$'000	% of total	Value \$'000	% of total	Value \$'000	% of total
Individual licences	223,429	6.48	216,290	5.68	220,858	5.84
Special régimes	73,153	2.12	46,002	1.21	54,823	1.43
Global quotas	443,923	12.87	376,365	9.89	289,673	7.65
Free import	2,214,499	64.36	2,540,765	66.87	2,738,558	72.44
State trading	444,920	12.90	541,211	14.24	393,485	10.40
Temporary admissions	16,260	0.46	39,120	1.03	39,650	1.03
Replacements	28,997	0.81	48,291	1.08	46,570	1.21
Total	3,445,181	100.00	3,808,044	100.00	3,783,617	100.00