

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/2393

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CONTRACTING PARTIES  
Twenty-Second Session

## EXTENSION OF THE CHILEAN WAIVER ON IMPORT SURCHARGES

### Report of the Committee on Balance-of-Payments Restrictions

1. The Committee in the course of its consultations with Chile under Article XVIII:12(b), reported upon in document L/2392 also examined the balance-of-payments aspects of the Chilean request for a further extension of the waiver relating to the Chilean import surcharges. This report should accordingly be read in conjunction with that document.
2. The Committee noted that the waiver had originally been granted by a Decision of 27 May 1959 and had been successively renewed by Decisions of 18 November 1960, 8 December 1961, 13 November 1962, 21 June 1963, and 25 January 1965.
3. The representative of Chile reiterated what he had said before the Balance-of-Payments Committee on the occasion of the 1963 consultation (C/33, paragraph 5) to the effect that "the whole system of surcharges on imported goods would be discontinued by the time the new customs tariff entered into force". Unfortunately it had not been possible to secure legislative approval for this new tariff because 1964 had been an election year which resulted in a change of government followed by legislative elections only the day before the present meeting. While it was hoped that approval could be secured in the course of 1965, it was obvious that a precise estimate could not be made. He considered that the discussion of the previous day had proved that Chile was amply justified in maintaining the measures which were under discussion and in view of the uncertainty as to the date when the new customs tariff would enter into force, he asked that the waiver be extended until the end of 1966.
4. In the course of the discussion it appeared that the Committee was clearly in favour of an extension of the waiver although some members favoured an extension until the end of the next session. As in the case of the 1963 examination, some members of the Committee voiced their concern at the level of the surcharges and at what they considered to be a discriminatory application of the surcharges in contradiction to the terms of the waiver. The representative of Chile reaffirmed the view of his Government that under the terms of the General Agreement, no discrimination was involved.

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5. In the light of the discussions in the Committee, and taking account of the statement of the International Monetary Fund, as set out in document L/2392, the Committee is of the view that the balance-of-payments position of Chile justifies a further extension of the waiver until the entry into force of the new customs tariff or until 31 December 1966, whichever is the earlier, subject to the terms and conditions specified in the Decision of 27 May 1959.

6. The Committee has prepared the following draft decision which it submits to the CONTRACTING PARTIES.

Draft Decision

Considering that the CONTRACTING PARTIES by Decision of 27 May 1959 waived, subject to specified conditions, the provisions of paragraph 1 of Article II of the General Agreement to the extent necessary to allow the Government of Chile to maintain, as an emergency measure designed to overcome the existing threat to its monetary reserves and to ensure the success of its stabilization programme, certain surcharges additional to the import duties specified in Schedule VI annexed to the General Agreement;

Considering that the Chilean Government has indicated that surcharges will be abolished upon the entry into force of the new customs tariff;

Considering that for various reasons, the Chilean Government has not yet been able to secure Congressional approval for the new tariff; and that it is not at this stage possible to forecast when such approval will be secured;

Having consulted fully with the International Monetary Fund in accordance with Article XV:2 of the General Agreement and considering that the Fund has confirmed that the general level of the various restrictive and import surcharge measures currently applied by Chile does not go beyond the extent necessary at the present time to achieve a reasonable rate of increase in its monetary reserves,

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

Decide that the Government of Chile is authorized to continue to maintain until the entry into force of the new customs tariff or until 31 December 1966, whichever is the earlier, surcharges specified in the Decision of 27 May 1959, subject to the terms and conditions of that Decision.