

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

L/4433

2 November 1976

Limited Distribution

Original: English

PORTUGAL - CHANGES IN THE IMPORT SURCHARGES,
INTRODUCTION OF AN IMPORT DEPOSIT SCHEME

Notification by the Delegation of Portugal

1. The unofficial translation is enclosed, of Government Decrees Nos. 720-B/76 and 720-C/76, both dated 9 October 1976 (Annexes I and II).
2. For the sake of clarity and convenience of perusal, a list of products currently subject to an import surcharge of 30 per cent (as referred to in Article 1 of Decree No. 720-B/76) can be found in Annex III¹ to this notification.
3. Annex IV¹ to the present notification draws the list of products on which an import surcharge of 60 per cent is levied, under Article 2 of Decree No. 720-B/76.
4. Annex V² contains the list of products subject to a newly introduced import deposit scheme.
5. The main features of new legislation in force, with regard to import surcharges, can be summarized thus:
 - (a) Article 1 of Decree No. 720-B/76 subjects goods listed in Annex III to this notification, to a surcharge of 30 per cent. Article 2 of the same Decree subjects goods listed in Annex IV of this notification, to a new surcharge rate of 60 per cent. The previous surcharge rate of 20 per cent is no longer applied in any case;
 - (b) The above mentioned surcharge rates will be levied in compliance with Article 10 of the Preliminary Instructions to the Import Tariff;
 - (c) The new import surcharge scheme will be in force until 31 March 1977.

¹See L/4433/Add.1.

²See L/4433/Add.2.

6. As to the import deposit scheme, one can underline the following main points:
 - (a) The scheme is to be kept in force, so long as it is deemed useful to overcome current economic and financial difficulties;
 - (b) Interest will not be paid on deposits, and these will be made within eight days, following issue of the import registration ledger;
 - (c) Deposits will amount to half the c.i.f. value of the operation;
 - (d) Deposits are automatically released on the date of last utilization of the import registration ledger, for purposes of payment, or 180 days after the said deposits are made, whatever occurs later.

ANNEX I

Government Decree No. 720-B/76, dated 9 October 1976
(unofficial translation)

1. Within the context of measures taken to protect the balance of payments, there are import surcharges in force, as laid down by Government Decree No. 271-A/75 of 31 May 1975. The period of enforcement of the said surcharges was meanwhile extended by Government Decrees Nos. 758/75 of 31 December 1975, and 225-G/76 of 31 March 1976.
2. One has to recognize the positive rôle, towards preventing greater deterioration of the Portuguese trade balance in the current difficult period, temporarily assumed by surcharges. Additionally, the improvement of competitiveness gained for national production in the internal market, through imposition of surcharges, proved frequently to be an important factor in maintaining a good number of work positions and in preserving companies and industries which can be adequately recovered, to be integrated in the national economy as elements of progress.
3. It is expected that, on the short run, it will be possible to complement these measures of a temporary nature with the definition of an incomes and prices policy, suited to economic and social conditions of the country.
4. In view of the requirement to strengthen measures of protection of the balance of payments, imposed by the need to ensure success conditions for the planned recovery of national economy, and having in mind the relevant contribution which import surcharges can offer, from this point of view, the rate of surcharges in force will henceforth be 30 per cent for the majority of goods falling within the scheme, while a small number of goods will be subject to a surcharge of 60 per cent, all of them connected with the satisfaction of needs having a clearly sumptuary nature.

Accordingly:

Using the legislative authorization granted by Law No. 4/76 of 10 September 1976, the Government decree the following, under Section (b) of Article 201 of the Constitution:

Article 1 - The import surcharge established by Government Decree No. 271-A/75 of 31 May 1975, applicable to goods appearing in Annexes I and II of Government Decree No. 225-G/76 of 31 March 1976, is fixed at 30 per cent, without prejudice to the provision of Article 2 hereunder.

Article 2 - Goods appearing in the Annex to this Decree are henceforth subject to a surcharge of 60 per cent, and will be deleted from the Annexes to Government Decree No. 225-G/76 of 31 March 1976.

Article 3 - Surcharge increases contemplated above are levied in compliance with Article 10 of the Preliminary Instructions to the Import Tariff.

Article 4 - The new import surcharge scheme, as laid down by Articles 1 and 2, will remain in force until 31 March 1977.

Seen and approved by Ministers in Council. - MARIO SOARES

Promulgated on 1 October 1976

To be published.

The President of the Republic, ANTONIO RAMALHO EANES

ANNEX II

Government Decree No. 720-C/76, dated 9 October 1976
(unofficial translation)

1. The grave difficulties which national economy is facing, including a marked deterioration of the balance of payments, calls for urgent adoption of new measures, aimed simultaneously at recovery of production activities and a rational management of resources, particularly of external payment means. As a priority, conditions for covering essential consumption and ensuring normal operation of industrial units cannot fail to be guaranteed. But this aim can only be brought about, on a lasting basis, through the strengthening of the economy and return to the rate of development already experienced in the past.
2. The present Decree aims at placing itself within the concern to obtain optimal use of external resources available on the short run, it being a necessary complement to other measures which will be taken, so as to adjust the country's medium consumption standards to realities flowing from the level of national product and the need to secure the future through investment.
3. Establishment of a prior deposit on certain imports will enable the freezing, for a given period, of a part of liquidity which has been the basis for excessive development of consumption, namely for sectors of the latter which are deemed as less essential. On the other hand, it is not expected that the prior deposit scheme will entail additional pressures of great significance, on the general behaviour of internal prices.
4. The scheme now introduced will remain in force so long as it is deemed useful to overcome current difficulties.

Accordingly:

Under Article 201, 1, (a) of the Constitution, the Government decree as follows:

Article 1

1. Importation of goods appearing in the Annex to this Decree are subject to a prior deposit, with a credit institution authorized to deal in foreign exchange.
2. Such prior deposit will not yield interest and will be made within the eight days following the date of issue of the import registration ledger, for an amount equal to half the c.i.f. value of the operation.

3. Whenever the c.i.f. value of the operation is unknown, on the date on which the deposit has to be made, the amount contemplated in Article 2 above will be equal to half the f.o.b. value of goods transacted, plus 10 per cent.
4. Release of the deposit will take place automatically, on the date of last utilization of the import registration ledger for payment purposes, or 180 days after the deposit was made, whatever occurs later.
5. For the purposes of No. 4 above, the authority issuing the import registration ledger will forward it to the credit institution named by the applicant and the latter will be notified of this. Release of the ledger will be conditional to the deposit referred to in No. 1.
6. Imports of capital, liable to circumvent the aims of this Decree, are forbidden, namely those imports for the purpose of making a prior deposit of paying imported goods.
7. Internal financing of importation of such goods, with direct or indirect resort to credit institutions, is also forbidden.

Article 2

1. The mandatory nature of the deposit contemplated above, will be mentioned in the import registration ledger.
2. Without proof that the deposit established by this Decree has been made, customs authorities may not clear goods coming under its provisions and credit institutions may not proceed to external settlement of their value, by whatever means.

Article 3

Provisions of this Decree will only apply to import registration ledgers issued from the date of its entry into force.

Article 4

Doubts arising from interpretation of this Decree will be clarified by executive order of the Ministers of Finance and Commerce and Tourism.

Seen and approved by Ministers in Council. - MARIO SOARES -
ANTÓNIO FRANCISCO BARROSO DE SOUSA GOMES - HENRIQUE MEDINA CARREIRA.

Promulgated on 1 October 1976

To be published.

The President of the Republic, ANTÓNIO RAMALHO EANES.