

GENERAL AGREEMENT ON
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PORTUGAL - CHANGES IN THE IMPORT REGIME

Addendum

PORTUGUESE SYSTEM FOR 1978 OF IMPORT QUOTAS
FOR COMPLETELY KNOCKED DOWN MOTOR VEHICLES

Notification by the Portuguese Delegation

1. Following earlier temporary measures aimed at restricting the country's foreign exchange expenditures and progressively restoring the difficult balance-of-payments situation with a trade deficit showing further deterioration (an estimated provisional figure of 94.9 thousand million for 1977, as compared with 76 thousand million escudos for 1976), the Portuguese Government has deemed it necessary to prolong until 31 December 1978 the system of import quotas for completely knocked down (CKD) motor vehicles enforced during last year by Government Orders Nos. 73/77 and 446/77, which were duly notified to the GATT.¹ At the same time, some improvements have been introduced into the previous system of administration of the quotas, as well as into the mechanisms of encouragement of exports of domestically manufactured components of motor vehicles assembled in Portugal and of other domestically manufactured products.
2. The system of import quotas for completely knocked down motor vehicles is laid down in Government Order No. 762/77, published in the Official Gazette of 17 December 1977, and will be in force from 17 February to 31 December 1978. Attached as Annex I is an unofficial English translation of this legislation.
3. It should be emphasized that the present system of import quotas for completely knocked down motor vehicles continues to be temporary in nature pending the adoption of alternative measures aimed at reducing the current external payments difficulties. Thus, the Government has chosen to establish for 1978 a system of import quotas with the same total amount and levels of

¹L/4568/Add.2

allocation to the several makes of assembled motor vehicles as under the import quota system in force during last year. However, these amounts represent a value increase of about 16.7 per cent, since the present quota system will be in force during only ten months and not a year as was the previous import quota system for CKD motor vehicles.

4. One of the improvements introduced into the system of administration of the present import quota system is contained in the provision of Article 3 of Government Order No. 726/77. In accordance with this provision, whenever the importer is a representative of two or more makes subject to the quota system, he can transfer the total amount allocated to a specific make, or a part of it, to any other make represented by him and subject to import quotas. The greater flexibility introduced by this provision will allow better planning of production schedules for the assembly lines, taking into consideration the needs of the market and/or the internal situation of the manufacturers concerned.

5. Another improvement introduced concerns the possibility now given to the assembling manufacturer to substitute imports of completely built units (CBU) by imports of equal value of CKD units, provided the share of CBU units allocated to them in accordance with national legislation and with the international engagements is not exceeded.

6. In order to promote exports, which are necessary to reduce the trade deficit, the system now in force includes the following measures:

(a) As under the previous import system, authorization shall be granted for additional imports, of a value not exceeding the value added in Portugal to exports of motor vehicle components and/or accessories, of completely knocked down motor vehicles, of assembled motor vehicles, as well as other domestic products intended for industrial use by the foreign manufacturers/exporters.

(b) A conditional freeze of 20 per cent of the total amount of the import quota allocated to each make, subject to exports of equal value of domestically manufactured motor vehicle components or of motor vehicles assembled in Portugal.

7. With a view to encouraging foreign investment, which should result in an effective inflow of foreign exchange, the allocation of an additional import quota as a counterpart of new significant investments made by foreign manufacturers in the motor vehicle sector, is also foreseen (paragraph 9 of Government Order No. 762/77). It should be stressed, however, that this provision is not discriminatory since it does not specify origin or makes.

8. Annex II to this notification contains a table showing the development of total imports in 1975, 1976 and 1977 of CKD motor vehicles subject to the import quota system laid down by Government Order No. 762/77 including indication of the main origin markets.

ANNEX I

PORTUGUESE SYSTEM OF IMPORT QUOTAS FOR 1978 FOR
COMPLETELY KNOCKED DOWN MOTOR VEHICLES

(Government Order No. 762/77 of 17 December)

Government Order No. 73/77 of 12 February, introduced a system of annual import quotas for completely knocked down motor vehicles, aimed at reducing corresponding expenditures in foreign exchange and thus making a positive contribution to the balance of payments.

It is now deemed necessary, not only to prolong the import quota system for CKD motor vehicles, but also to use this system for the purpose of increasing exports of domestically manufactured motor vehicle components or of motor vehicles assembled in Portugal.

In view of this, the Government of the Portuguese Republic, through the Ministers of Planning and Economic Co-ordination, of Finance, of Industry and Technology and of Trade and Tourism, has decided the following:

Paragraph 1

- (1) Imports of CKD motor vehicles (completely knocked down sets) for the transport of persons, goods or materials, having a kerb weight up to 2,000 kgs., shall be subject to import quotas from 17 February to 31 December 1978.
- (2) Motor ambulances, fire-engines and the like, open platform vehicles, chassis having a kerb weight up to 2,000 kgs., and four wheel drive all-purpose vehicles of the type of "jeep" shall be exempted from the import régime established in the preceding paragraph.

Paragraph 2

Basic import quotas for CKD motor vehicles shall be applied by makes and are contained in the list below.

Paragraph 3

Whenever imports of two or more of the makes referred to in the list below are made by the same importer, at the request of the importer, the Minister of Trade and Tourism may authorize the transfer from one to another of those makes of the total amount of the quotas established in that list or only of part of them.

Paragraph 4

Import quotas established in this Government Order may be freely allocated only up to 80 per cent of each amount. Allocation of the remaining 20 per cent shall be conditional upon exports of products manufactured domestically, of a corresponding value and in accordance with rules set out in the following paragraph.

Paragraph 5

The exports referred to in paragraph 4 may include only domestically manufactured motor vehicle components and motor vehicles assembled in Portugal. Concerning motor vehicles assembled in Portugal, the value to be considered shall be the difference between the CKD price at the assembly factory and the export price of the assembled motor vehicle at the Portuguese border.

Paragraph 6

Beyond the import quotas laid down in the list below, authorization may be granted through a previous joint enactment from the Ministers of Industry and Technology and Trade and Tourism, for additional import quotas of a value not exceeding the value added in Portugal to exports of the following products:

- (a) motor vehicle components, completely knocked down (CKD) motor vehicles;
- (b) domestically manufactured accessories for motor vehicles;
- (c) other domestically manufactured products intended for industrial use in the foreign manufacturers' factories of the motor vehicle makes subject to import quotas.

Paragraph 7

For the purposes of paragraphs 4 and 6, the necessary evidence of the export value shall be submitted to the Directorate General of Foreign Trade (Direcção-Geral do Comércio Externo).

Paragraph 8

- (1) Authorization may be granted for supplementary import quotas of CKD motor vehicles, the amount of these quotas being equal to the value of completely built units (CBU) which were not imported during the period of enforcement of this Government Order.
- (2) The value of the supplementary import quotas shall be computed on the basis of either of the following criteria:
 - (a) on the basis of the price in force for the CBU model of the make which registered the highest level of imports during 1977; or
 - (b) on the basis of the price in force for the CBU model corresponding to the model of the make which registered the highest level of assembly during 1977.
- (3) Other expenses such as accessories, freight and insurance shall not be taken into consideration in the determination of prices.

Paragraph 9

As a counterpart of new significant investments made by the manufacturer in the motor vehicle sector, agreed by the Government and resulting in an effective inflow of foreign exchange, an additional import quota may be allocated through a joint enactment from the Ministers of Industry and Technology and Trade and Tourism.

Paragraph 10

As from 17 February 1978 Government Orders No. 73/77, of 12 February, No. 446/77 of 20 July and No. 670/77 of 2 November, as well as the joint enactment of 12 October 1977 from the Secretaries of State for Light Industry and Foreign Trade concerning supplementary import quotas of motor vehicles, shall no longer be in force.

Paragraph 11

The present Government Order shall be in force as from 17 February 1978. However, as from 1 December 1977, import licences may be granted for the import quotas set out in the list below.

BASIC QUOTAS BY MAKES

FIAT	473,470
RENAULT	376,676
PEUGEOT	323,546
BLMC	320,898
CITROEN	296,699
TOYOTA	286,604
FORD	266,921
DATSUN	230,830
GENERAL MOTORS	230,820
CHRYSLER	110,517
VW	101,291
BMW	64,297
MAZDA	37,740
HONDA	34,100
MERCEDES	27,926
SUBARU	20,501
ALFA ROMEO	9,891
AUDI	7,953
DAHIATSU	4,069

ANNEX II

Development of Total Imports of Motor Vehicles Completely Knocked Down

	(in 10,000 Portuguese escudos)											
	1975 ^{1/}			1976 ^{1/}			1977 ^{1/2/}					
	Total value	Structure		Total value	Structure		Total value	Structure		Total value	Structure	
		Total	Quota		Total	Quota		Total	Quota		Total	Quota
TOTAL IMPORTS	99,474,040			130,858,582			189,593,180			5,595,048		
TOTAL (quota)	2,787,445	2.80	100.00	3,537,693	2.78	100.00	5,595,048	2.94	100.00			
EEC ^{1/}												
Germany	253,240	0.25	9.09	237,583	0.18	6.53	442,114	0.23	7.91			
Belgium-Luxembourg	59	0.00005	0.002	-	-	-	68	0.00004	0.001			
France	574,223	0.58	20.5	1,038,503	0.79	28.54	1,591,523	0.84	28.46			
Holland	-	-	-	-	-	-	-	-	-			
Italy	213,524	0.21	7.66	230,154	0.17	6.32	261,985	0.14	4.58			
Denmark	-	-	-	45	0.00003	0.001	-	-	-			
United Kingdom	625,098	0.63	20.42	795,248	0.60	21.85	1,503,728	0.79	26.89			
Ireland	-	-	-	-	-	-	-	-	-			
TOTAL EEC	1,666,144	1.57	59.77	2,301,543	1.75	63.27	3,754,418	1.98	67.15			
EFTA												
Austria	-	-	-	-	-	-	-	-	-			
Finland	-	-	-	-	-	-	-	-	-			
Norway	-	-	-	-	-	-	-	-	-			
Sweden	-	-	-	136	0.0000008	0.004	-	-	-			
Switzerland	-	-	-	-	-	-	-	-	-			
Iceland	-	-	-	-	-	-	-	-	-			
TOTAL EFTA	-	-	-	136	0.0000008	0.004	-	-	-			

^{1/} These amounts represent about 90 per cent of total imports of motor vehicles assembled in Portugal and classified under Portuguese Customs Tariff sub-headings Nos. ex.87.02.09 and ex.87.02.15.

^{2/} Provisional data (INE).

	1975 ^{1/}			1976 ^{1/}			1977 ^{1/2/}		
	Total value	Structure		Total value	Structure		Total value	Structure	
		Total	Quota		Total	Quota		Total	Quota
Spain	437,531	0.44	15.70	668,918	0.51	18.38	765,716	0.40	13.70
United States	-	-	-	10	0.000008	0.0003	81	0.00004	0.001
Japan	612,329	0.52	21.97	571,304	0.44	15.71	974,140	0.51	17.42
Rest of the world	71,441	0.07	2.56	95,782	0.074	2.54	96,693	0.05	1.73

^{1/} These amounts represent about 90 per cent of total imports of motor vehicles assembled in Portugal and classified under Portuguese Customs Tariff sub-headings Nos. ex 87.02.09 and ex 87.02.15.

^{2/} Provisional data (INE).

