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GENERAL AGREEMENT ON TARIFFS AND TRADE

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PORTUGAL - CHANGES IN THE IMPORT REGIME

Addendum

PORTUGUESE SYSTEM FOR 1979 OF IMPORT QUOTAS FOR COMPLETELY KNOCKED DOWN MOTOR VEHICLES

Notification by the Portuguese Delegation

1. The situation of the Portuguese economy has made it advisable to maintain control over the outflow of foreign exchange deriving from imports of completely knocked down motor vehicles (which, during 1977, represented 2.93 per cent of total imports).
2. Thus the Portuguese Government has deemed it necessary to maintain the import quota system for CKD motor vehicles which has been in force during the past two years by Government Orders Nos. 73/77, 446/77 and 762/77.
3. This measure aims not only at restricting imports but also at encouraging exports of domestically manufactured motor vehicle components as well as other domestically manufactured products of the assembly industry.
4. The system of import quotas for CKD motor vehicles in force during 1979 is laid down in Government Order No. 712/78, of 6 December 1978.

Attached as Annex I* is an unofficial English translation of the relevant Government Order.
5. Annex II* contains a table showing the development of total imports during 1975, 1976, 1977 and for the first ten months of 1978 of CKD motor vehicles subject to the import quota system laid down by Government Order No. 712/78, including an indication of the main sources of origin.

* English only

ANNEX I

Portuguese System of Import Quotas for 1979
for Completely Knocked Down Motor Vehicles

(Government Order No. 712/78, of 6 December 1978)

Pursuant to the measures laid down by Government Orders Nos. 73/77 of 12 February 1977, and 762/77 of 17 December 1977, an import quota system is hereby established for 1979 for completely knocked down vehicles (CKD) aimed at limiting expenditures in foreign exchange, contributing to the equilibrium of the balance of payments and at encouraging the exports of domestically manufactured components.

Some specific changes have also been introduced in order to avoid interpretative doubts raised during the validity period of Government Order No. 762/77 of 17 December and, therefore, some clarification aiming at a correct application of the present Government Order are being provided.

In view of this, the Government of the Portuguese Republic as represented by the Ministers of Finance and Planning, of Industry and Technology and of Trade and Tourism, has determined as follows:

Article 1

1. Imports of CKD motor vehicles (completely knocked down sets) for the transport of passengers, passengers and goods and goods having a kerb weight up to 2,000 kgs. shall be subject to import quotas from 1 January to 31 December 1979.
2. Ambulances, fire engines and similar vehicles, open platform vehicles, and four-wheel drive all-purpose vehicles of the jeep type shall be exempted from the import system laid down in the preceding sub-paragraph.

Article 2

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

Article 3

Whenever two or more of the makes referred to in the attached list are imported by the same importer the Ministers of Industry and Technology and of Trade and Tourism may authorize, by a joint decision and at the request of the interested party, the transfer from one make to another make part or the whole of the quota allocated to one of those makes.

Article 4

1. Up to no more than 70 per cent of the quotas set up in this Order may be freely utilized.
2. Utilization of the remaining 30 per cent of the quota is subject to the following conditions:
 - (a) 20 per cent shall be conditional upon exports of products domestically manufactured of an equal value and in accordance with the conditions set out in Article 5;
 - (b) in regard to the remaining 10 per cent an amount will be allocated which will never exceed a value corresponding to that percentage and which will be arrived at by multiplying the actual exports, in thousands of escudos, under Nos. 4, 5 and 6 of Government Order No. 762/77 of 17 December 1977, by the ratio of the total quotas for 1979 and 1978.
3. In order to calculate the actual exports referred to in sub-paragraph (b) of paragraph 2 above, the following values shall be used:
 - (a) in the case of domestically manufactured components exported under paragraphs 4 and 5 of Government Order No. 762/77 of 17 December, their gross value;
 - (b) in the case of exported vehicles, the difference between the CKD price at the assembly line and the export price of the assembled vehicle at the Portuguese border;
 - (c) in the case of products and components exported under paragraph 6 of Government Order No. 762/77, of 17 December, the domestic value added.
4. For the allocation of the portion referred to in sub-paragraph (b) of paragraph 2 of this Article, the interested parties are required up to 1 March 1979 to produce evidence of the exports to "Direcção-Geral do Comércio Externo" (Directorate General of Foreign Trade).

Article 5

1. Exports under sub-paragraph (a) of paragraph 2 of Article 4 shall include only components and products manufactured by the domestic industry for motor vehicles or for motor vehicles assembled in Portugal. In the first case the value to be considered is the domestic value added. In the second case the value to be accounted for will be the value corresponding to the difference between the CKD price at the assembly line and the export price of the assembled vehicle at the Portuguese border.

2. The values of the coefficients referred to in sub-paragraph 1 shall be calculated by the Directorate General of the Electro-Mechanics Industries (Direcção-Geral das Indústrias Electro-Mecânicas) which will forward them to the Directorate General of Foreign Trade (Direcção-Geral do Comércio Externo) for application.

Article 6

1. Over and above the quotas laid down in the attached list, authorization may be granted, by means of a joint decision, by the Ministers of Industry and Technology and of Trade and Tourism, for additional imports to a value not exceeding the domestic value added to exports of the following products:

- (a) completely knocked down vehicles (CKD) and complete motor vehicles built in at the assembly line;
- (b) components and other products for motor vehicles manufactured by domestic industries;
- (c) products of other domestic industries intended for industrial use in the factories of the manufacturers of the makes of motor vehicles subject to quotas.

2. The additional imports referred to in paragraph 1 above shall only be authorized when the make has effectively compensated for the 20 per cent of the quota granted under sub-paragraph (a) of paragraph 2 of Article 4 with the exports defined in Article 6.

3. An application for compensation shall first of all be submitted in duplicate to the Directorate General of Foreign Trade (Direcção-Geral do Comércio Externo). Their recommendation, required for the purposes of paragraph 1 of this Article, shall obligatorily mention the domestic value added, the coefficient to apply in the compensation, and other eventual conditions to be complied with in the allocation of the additional import quotas.

4. Evidence of the export value shall be submitted to the Directorate General of Foreign Trade (Direcção-Geral do Comércio Externo) which will follow and supervise the commercial transactions relating to the compensatory imports.

Article 7

1. At the request of the parties concerned the Directorate General of Foreign Trade may authorize supplementary quotas for imports of CKD motor vehicles to a value equivalent to that of completed CEU units which may not be imported during the period this Government Order is in force.

2. The value of the supplementary import quotas shall be calculated, as an alternative and at the choice of the interested parties, in accordance with one of the following criteria:

- (a) on the basis of the price in force for the CBU model of the make which registered the highest volume of imports during 1978; or
- (b) on the basis of the price in force for the CBU model corresponding to that of the model of the make which registered the highest volume of assembly during 1978.

3. Other expenses such as unspecified extra freight and insurance shall not be taken into account in determining prices.

Article 8

1. To offset new significant investments made by the manufacturer in the motor vehicle sector, as agreed to by the Government and resulting in an effective inflow of foreign exchange, an additional import quota may be allocated by means of a joint order by the Ministers of Industry and Technology and Trade and Tourism.

2. Imports of CKD motor vehicles (completely knocked down sets) of makes not included in the attached list may be authorized in terms of paragraph 1 of this Article.

Article 9

Any doubts arising from this Government Order will be clarified by a joint decision by Ministers of Industry and Technology and Trade and Tourism.

Article 10

The present Government Order enters into force as from 1 January 1979.

APPENDIX TO ANNEX I
BASIC QUOTAS BY MAKES

	<u>Thousand escudos</u>
FIAT	642.500
RENAULT	511.150
PEUGEOT	439.050
BLMC	435.450
CITROEN	402.620
TOYOTA	388.920
FORD	362.210
DATSUN	313.240
GENERAL MOTORS	313.220
CHRYSLER	149.970
VW	137.450
BMW	87.250
MAZDA	51.220
HONDA	46.270
MERCEDES	37.900
SUBARU	27.820
ALFA ROMEO	13.420
AUDI	10.800
DAIHATSU	5.520

TABLE I:
COVERAGE OF THE IMPORT SYSTEM VEHICLES COMPLETELY KNOCKED DOWN

Thousand ecuados

	1975 (a)			1976 (a)			1977 (a)			1978 (a) (b)			
	Total Imports	Total Quota	Structure	Total Imports	Total Quota	Structure	Total Imports	Total Quota	Structure	Total Imports	Total Quota	Structure	
			Total Imports			Total Quota			Total Imports			Total Quota	Total Imports
TOTAL IMPORT	99474046	4787445	100.00	13085552	3537693	100.00	190684496	5593289	2.03	100.00	3778670	2.01	100.00
EU (a)													
Germany	1057022	35310	0.00	1202332	237583	6.53	23689269	442717	0.23	7.92	253658	0.13	6.71
France	2730226	50	0.00006	1202332	1038503	28.54	2730226	1591731	0.83	0.00003	1108261	0.59	0.00003
Italy	134117	57323	0.56	488092	1038503	28.54	609484	1591731	0.83	0.00003	1108261	0.59	0.00003
Spain	134117	21323	0.21	618376	230164	6.32	10228884	216986	0.11	3.88	150441	0.08	3.98
Switzerland	94327	0	0.00	83072	15	0.00003	1267825	1504538	0.79	26.90	1658412	0.78	38.62
Other EFTA	473977	63790	0.61	1221673	793248	21.86	19845909	1504538	0.79	26.90	1658412	0.78	38.62
Other	40962	0	0.00	211833	0	0.00	175132	0	0.00	0.00	0	0.00	0.00
TOTAL EFTA	340150	166414	59.77	53961107	2301343	63.27	83023107	3756089	1.97	67.15	2971869	1.58	78.65
Other													
Spain	44477	0	0.00	1284773	0	0.00	148779	0	0.00	0.00	0	0.00	0.00
Portugal	134251	0	0.00	1530619	0	0.00	2070233	0	0.00	0.00	0	0.00	0.00
Other	2340452	0	0.00	4036683	136	0.0000008	4272897	0	0.00	0.00	0	0.00	0.00
Switzerland	2340452	0	0.00	8436712	0	0.00	6243554	0	0.00	0.00	0	0.00	0.00
Other	425663	0	0.00	1152697	0	0.00	1201223	0	0.00	0.00	0	0.00	0.00
TOTAL EFTA	881911	0	0.00	13640254	136	0.0000008	16017165	0	0.00	0.00	0	0.00	0.00
Spain	1340079	53731	0.54	6101168	66818	18.38	9217698	765716	0.40	13.69	447439	0.24	11.84
U.S.A.	12302163	0	0.00	12856295	10	0.0000008	19498003	81	0.00004	0.001	22472344	0.16	7.98
Japan	320266	61234	0.62	4191035	571304	15.71	7256168	974711	0.51	17.43	301688	0.16	4.71
Rest of the world	3142430	71441	0.07	40122440	95782	2.64	55732335	96692	0.05	1.73	57674	0.03	0.12

(a) - These amounts represent about 90% of total imports of motor vehicles class assembled in Portugal and classified under Portuguese Customs tariff sub-headings Nos. 87.12.69 and 87.02.15

(b) - Provisional data (L.R.E.) for January-October