

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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TEMPORARY MEASURES APPLIED BY URUGUAY

The following communication, dated 20 July 1982, has been received from the Permanent Delegation of Uruguay.

1. The Permanent Delegation of Uruguay to the United Nations Office and the Specialized Agencies at Geneva presents its compliments to the Directorate-General of the General Agreement on Tariffs and Trade and has the honour to request it to inform the contracting parties of the temporary measures introduced by the Uruguayan Government on 1 June 1982 to meet the difficult economic situation with which it is currently faced for external and internal reasons.
2. The external reasons are the world recession - one of the most serious of recent decades - together with the difficult situation prevailing in the region, the level of interest rates in international markets and appreciation of the dollar in relation to other reserve currencies. The effects of this latter factor are clear, if one considers that Uruguay is in the dollar area, although it has trade relations with other markets.
3. Among the internal causes, particular mention should be made of the pronounced decline in internal inflation (from 83 per cent in 1979 to 29 per cent in 1981 and 3.96 per cent between January and May 1982), which has brought out management problems in both the public and private sectors. In addition, this trend is aggravating problems of indebtedness in producing sectors which have been pointed up by the decline in inflation. Another internal factor is the high level of the real interest rate, which is partly attributable to the international market situation and further aggravated by devaluation and the decline in inflation.
4. The Uruguayan Government could have opted to reduce the deficit, through very painful adjustments which would have stifled the economy and increased unemployment. It decided on the contrary to continue to pursue its policy of opening the economy, maintaining the basic aspects of that policy and making the necessary adjustments for passing through the international economic crisis with minimum damage.
5. The measures adopted, which are of a temporary character, include a 10 per cent supplementary rebate on exports and a 10 per cent supplementary surcharge on imports of goods. It should be underlined that these measures are temporary and the rates mentioned are to be reduced by 0.80 per cent each month as from 1 January 1983. The residual rate of 0.40 per cent will be eliminated as from 1 January 1984.

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6. These temporary measures have been taken to deal with the economic situation described. In the view of Uruguay they are not contrary to obligations under the General Agreement, but are within the spirit of Part IV of the General Agreement and of the special and differential treatment envisaged by certain other instruments negotiated within the framework of the General Agreement for problems encountered by developing countries by reason of their degree of development; in addition, these difficulties are of a conjunctural character.