

**GENERAL AGREEMENT ON  
TARIFFS AND TRADE**

RESTRICTED

L/5861/Add.1  
7 October 1985

Limited Distribution

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Original: Spanish

ARTICLE XIX - ACTION BY CHILE

Wheat

Addendum

The following communication, dated 20 September 1985, has been received from the Permanent Mission of Chile.

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Further to my telex No. 002/85, advising you that my Government was invoking the provisions of Article XIX of the General Agreement in respect of imports of wheat and the obligations deriving from Schedule VII, I am forwarding to you herewith the background and other relevant information concerning the measures adopted by Chile, for circulation to the CONTRACTING PARTIES to GATT (Annex A).

I am also sending you Annex B containing a photocopy of Treasury Decree No. 923 of 27 November 1984, for consultation by any interested signatories.<sup>1</sup>

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<sup>1</sup>Office no. 1069, telephone 31.02.31 extension 2116

ANNEX A

CHILE. WHEAT IMPORTS

1. Decree No. 923 of 27 November 1984<sup>1</sup> provided for the application of a system under which imports of wheat are subject to specific duties additional to the 20 per cent ad valorem duty or, the 20 per cent customs duty is reduced. The system provides for a series of prices, with maximum and minimum levels between which the import price varies, on the basis of the lowest price in the international market.

The Decree contains a table showing the international price, expressed in US\$ f.o.b. per ton, and the corresponding specific duty or tariff reduction.

The specific duties are applied starting from an international price equal to or less than US\$147 per ton f.o.b. At this international price level a specific duty of US\$0.21 per ton of wheat imported is applied. The specific duty increases progressively to a maximum of US\$66 per ton imported if the international price falls to US\$100 per ton f.o.b.

Similarly, the 20 per cent customs duty is lowered progressively starting with an international price equal to or higher than US\$172 per ton f.o.b.

Starting from an international price equal to or less than US\$131 per ton f.o.b., the applicable specific duty is equivalent to more than 15 per cent ad valorem. This equivalent, added to the 20 per cent applied to all imports, exceeds the 35 per cent level bound by Chile in the Tokyo Round negotiations. Current international prices are below the indicated level (US\$131 per ton f.o.b.). Consequently, tariff protection is in excess of 35 per cent and it is necessary to invoke the provisions of Article XIX of the General Agreement.

2. The Government of Chile found itself obliged to adopt the measure described above in order to prevent further serious injury to domestic producers, resulting from the continued deterioration of international prices. This deterioration is itself the result of placement on the international market of large surpluses produced by other countries due to price and/or income support policies or other forms of production and export subsidies, without limitation.

3. The application of this measure, together with other macroeconomic policies, has made it possible to:

- restore the traditional production levels of the country's principal crop. Between 1960 and 1970 average annual production was 1,143,812 tons. Beginning in 1978 production fell appreciably

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<sup>1</sup>The aforementioned Decree is available in the GATT secretariat for consultation by any interested delegations.

to 585,950 tons, with a similar trend in respect of surface area planted.

- restore the level of producer prices. Not until the end of 1984 and the beginning of 1985 did prices reach levels similar to those of 1975.

4. Imports have increased considerably. Whereas in the 1960-1970 decade the annual average was 264,928 tons, in the following decade it reached 750,213 tons. Average annual imports between 1977 and 1984 were 892,286 tons. The following figures correspond to imports in the years 1982, 1983, and 1985.

WHEAT IMPORTS

Country	1982		1983 <sup>3</sup>		1984 <sup>3</sup>				
	Tons	Thousand US\$ c.i.f.f.	US\$/ton	Tons	Thousand US\$ c.i.f.f.	US\$/ton	Tons	Thousand US\$ c.i.f.f.	US\$/ton
USA	967,233 <sup>2</sup>	171,377 <sup>1</sup>	-	989,799	170,235	172	792,790	129,587	163
Argentina	-	-	-	124,602	19,780	159	165,156	24,731	150
Australia	-	-	-	31,449	5,808	185	-	-	-
South Africa	-	-	-	14,200	2,524	178	-	-	-
Canada	24,801 <sup>2</sup>	4,406 <sup>1</sup>	-	-	-	-	-	-	-
TOTAL	992,034 <sup>1</sup>	175,783 <sup>1</sup>	177	1,160,050	198,347	171	957,946	154,318	161

<sup>1</sup>Data furnished by the Central Bank

<sup>2</sup>Figures estimated on the basis of value of imports (thousand US\$)

<sup>3</sup>ODEPA - Central Bank. Import declarations