

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

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ACCESSION OF VENEZUELA

Additional Questions and Replies Concerning the Foreign Trade Régime of Venezuela

The following replies to the additional questions submitted by contracting parties have been received from the Government of Venezuela with the request that they be circulated to contracting parties.

QUESTIONS FROM JAPAN

1. (Re Question 27, p.15/L/6599)

Are the quantitative import restrictions non-discriminatory with regard to country origin of the products concerned?

They are not discriminatory.

2. (Re Questions 39-40, p.20/L/6599)

(i) What is the specific time-table to introduce the NANDINA?

March.

(ii) Will not-converted tariff items mentioned in the question be converted to HS in the future?

Yes.

3. (Re Questions 57-60, p.27/L/6599)

Japan is of the view that it is necessary to ensure transparency in order that tariff exemptions do not constitute hidden tariff barriers.

Agreed. Tariff exemptions to be progressively eliminated.

4. (Re Questions 79-80, p.37/L/6599)

(i) What is the reason why imports made in the form of postal packages are charged fees for the customs services?

- (ii) Does this mean the Post Office is the agency responsible for customs services necessary instead of the customs services office?

This is a payment for IPOSTEL services. There is a customs department, the Postal Customs Department, which is responsible for all customs activities relating to postal packages.

A fee of 2 per cent is paid to the Ministry of Finance for customs services.

- (iii) Japan is of the view that the ad valorem fee for customs services should be changed.

General argument on fees for customs services based on the real cost of providing services and not on an ad valorem basis.

5. (Re Question 84, p.38/L/6599)

Is this a system which gives importers opportunities to consult with the customs authority when they are not sure about tariff classification on the items concerned?

Yes.

QUESTIONS FROM CANADA

1. Paragraph 19: How has Venezuela's oil income and terms of trade changed from 1981 to the present? In particular, what about the period from 1985 to 1988?

Oil income fell from US\$19,284 million in 1981 to US\$8,158 million in 1988. During this period, Venezuela's terms of trade deteriorated by 45.4 per cent. (see tables Nos. 1 and 2)

2. Paragraph 29: Degree of GATT consistency of preferential agreements (Cartagena Agreement, LAFTA). Will Venezuela extend non-tariff exemption to countries other than the Cartagena Agreement members?

It should be pointed out, firstly, that the reference to LAFTA in the question is mistaken since LAFTA was replaced by the Latin American Integration Association (ALADI/LAIA) under the 1980 Montevideo Treaty. With regard to the GATT consistency of the preferential treatment afforded by Venezuela to Cartagena Agreement countries through the elimination of certain non-tariff measures as described in paragraph 12 of document L/6599, Venezuela considers that this is in keeping with the provisions of paragraph 2(c) of the Decision of 28 November 1979 on Differential and More-Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (Enabling Clause).

It is planned to eliminate the import prohibitions (products covered by Note 1) when the consumption tax - i.e. the value-added tax (VAT) - comes into force as indicated in paragraph 63 of document L/6599. The value-added tax which the Venezuelan Government intends to introduce is explained in paragraphs 16 and 17 of that document. There are no other provisions governing possible equivalency between the treatment applicable to products from countries not members of the Cartagena Agreement and the treatment applicable to products from Cartagena Agreement countries, as far as non-tariff measures are concerned.

3. Paragraph 37: When will the study on privatization be completed, and what are the criteria used in determining which companies constitute "ideal candidates"? Can the Venezuelans identify which sectors are being considered?

This study is still being prepared, and there is no fixed date for its conclusion. For the time being, the sectors liable to be privatized cannot yet be identified.

4. Paragraph 42: What is the rationale behind applying quantitative restrictions on food products in the "basic basket"?

The products included in the "basic basket" are subject to a system of export and import licensing as well as controls to curb price increases.

The reason for restricting imports of such products is that it is necessary to guarantee the purchase of the domestic harvest in the case of agricultural products, while at the same time ensuring the State's domestic supply at given prices.

Export licensing also seeks to ensure domestic supply of "basic basket" products.

5. Paragraph 47: Not clear what Venezuela is planning to do. Where does the drawback fit in with the programme of FINEXPO? Is it part of the overall programme or is it something separate?

The customs incentives for exports mentioned in paragraph 35 of document L/6599, which include the drawback, are a different programme from the FINEXPO export financing programme and the export tax incentive through the issue of the corresponding certificates by the Ministry of Finance, as explained in detail in paragraphs 113, 115 and 116 of document L/6599. The Venezuelan Government's intention is to maintain the FINEXPO export financing programme, and progressively reduce the export tax incentive as the programme of customs incentives for exports is implemented.

6. Paragraphs 80-82: When anti-dumping measures are put in place does Venezuela envision the liberalization or elimination of import barriers such as quantitative restrictions?

While the liberalization or elimination of some import barriers may be facilitated by the introduction of anti-dumping legislation, no provisions have yet been adopted to that effect.

7. Paragraph 86: Could Venezuela describe the trade rôle of the Ministry of Development? Are export financing practices in line with Articles III and XVI? If already consistent, would appreciate details to support.

The Ministry of Development is responsible for planning and carrying out the National Executive Branch's activities in the areas of industry, trade and consumer protection, and in particular the co-ordination of industrial development and trade activities with agricultural, fisheries and mining production. As far as trade is concerned, it is responsible for planning, regulating, guiding, supervising, monitoring, protecting and developing trade in the country; the exemption policy for imports of raw materials, machinery, tools and equipment for national industrialization as well as supervision of the exempted raw materials; the setting of prices and changes for products and services; licensing, quotas and other restrictions on imports, in co-ordination with the other bodies responsible for foreign trade; and co-ordination of activities relating to the preparation of technical standards, certification and quality control for products and services.

With regard to the export-financing practices, these are considered to be consistent with the General Agreement, including Articles III and XVI. In this connection, with respect to Article XVI, please refer to the interpretation of the Article given in the reply to Question No. 12 in this list of questions. As far as Article III is concerned, Venezuela considers that the export-financing practices are consistent with paragraph 8(b), which authorizes the payment of subsidies exclusively to domestic producers.

8. Paragraph 92: If food imports were to be allowed without restrictions why would the licensing of food exports still be necessary?

In that case, the elimination of export licensing would depend on whether the supply needs of the Venezuelan market could in fact be covered.

9. Paragraph 103: Access to export FINEXPO credit assistance for foreign enterprises must receive authorization by the Board of Directors. Will this discretionary requirement be abolished prior to or upon accession?

It is not planned to revise the Regulations of the Export Incentive Law (FINEXPO) to abolish the requirement of prior authorization by the Board of Directors for the grant of credit for foreign enterprises.

10. Paragraph 103: The newly established VENEXPORT has not yet been implemented. Has this programme been cancelled? If not, when does Venezuela intend to implement? Is preferential export financing limited to domestically-owned enterprises?

Implementation of the VENEXPORT project has been postponed indefinitely. At present, therefore, preferential export financing is granted by FINEXPO. The regulations for access to FINEXPO credit for foreign enterprises are described in paragraphs 124 and 126 of document L/6599.

11. Paragraph 134: Does Venezuela anticipate that any trade creation or trade diversion will occur when the National Congress ratifies the Global System of Trade Preferences (GSTP) Agreement? If so, what would be the magnitude of such trade effects and which products would be affected?

Venezuela does not anticipate any significant trade creation or trade diversion as a consequence of the GSTP.

12. Paragraph 138: Could Venezuela describe the GATT consistency of income tax exemption for those enterprises who direct at least 55 per cent of their products towards export markets? (How does Venezuela interpret meaning of Article XVI?)

Venezuela considers that Article XVI does not prohibit the grant or maintenance of export subsidies for manufactured products, but merely imposes the obligation of notifying the CONTRACTING PARTIES in writing of the extent and nature of the subsidization, of the estimated effects of the subsidization on the quantity of the affected product or products imported

into or exported from its territory and of the circumstances making the subsidization necessary. According to that Article, only in the case that it is determined that serious prejudice to the interests of any other contracting party is caused or threatened by any such subsidization is it necessary to examine the possibility of limiting the subsidization. In Venezuela's view, this interpretation of Article XVI is confirmed by the contents of the Code on Subsidies and Countervailing Measures, which recognizes that subsidies are an integral part of economic development programmes of developing countries, and therefore such countries are not prevented from adopting measures and policies to assist their industries, including those in the export sector.

13. Paragraph 156: How does Venezuela intend to apply the provisions of Article XVII to its State enterprises? Will Venezuela be signing the Subsidies, Government Procurement and Licensing Codes? Under what conditions remaining State enterprises will operate?

Venezuela plans to bring the activities of its State enterprises into line with the provisions of Article XVII of the General Agreement. As mentioned in paragraphs 157 and 166 of document L/6599, Venezuela is currently assessing the implementation of Decree 1182 and of the various Tokyo Round Codes. As for the possible reduction of the rôle of State enterprises in the Venezuelan economy, please refer to paragraphs 23, 24 and 25 of document L/6599 and reply No. 3 in this list of questions concerning privatization plans. As mentioned in paragraph 37 of document L/6565, it is hoped to improve efficiency in the production of goods and services by the public sector, which implies that State enterprises must carry out their operations on the basis of commercial considerations.

14. Paragraphs 80, 81 and 44: What is meant by "start-up"? Does Venezuela mean "retardation"? This would appear to be consistent with the language used in the GATT and anti-dumping legislation.

As mentioned in paragraph 100 of document L/6599, the draft anti-dumping legislation currently being prepared provides for the application of anti-dumping duties in cases where injury or threat of injury to domestic industry or considerable delay in the start-up of such industry exists. As may be seen, the wording of these provisions is consistent with the language used in the GATT and in the anti-dumping legislation of other countries.