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Questions and Replies to the Memorandum on Foreign Trade Régime (L/6391)

Addendum

The description of the main economic policy instruments relating to the foreign trade régime of El Salvador adopted during the period from 1 June 1989 to 31 May 1990 referred to in paragraph (3) of document L/6652/Add.1 is reproduced hereunder. This information has been prepared in compliance with one of the undertakings given by the delegation of El Salvador during the first meeting of the Working Party. The texts of these instruments are available in the secretariat (Development Division, Room 2010) for consultation.

Description of the Main Economic Policy Instruments relating to the Foreign Trade Régime of El Salvador adopted during the period from 1 June 1989 to 31 May 1990

Policy Area/ Sub-Area	Measure adopted	Date of adoption	Basic objective of the measure	Section, sub-section or instrument modified in the Memorandum (L/6391)	Comments
Fiscal (Tariff) Policy	Resolution No. 224 of the Ministries of the Economy and Finance. Tariff and Customs Régime.	18 September 1989	Amend and expand Annex A of the Central American Tariff and Customs Convention in order to bring it into line with the requirements of the economic and social structural adjustment process undertaken by the Government. It introduces percentage reductions in duties on 412 headings contained in Parts I and II of the Tariff.	6.1.2.1 Central American Import Tariff (Annex A to the Convention).	Reported in document L/6652 of 16 March 1990.
Fiscal (Tariff) Policy	Resolution No. 230 of the Ministries of the Economy and Finance. Tariff and Customs Régime.	18 September 1989	Repeal tariff changes introduced by Resolutions previous to No. 224 and not contained in the latter.	6.1.2.1 Central American Import Tariff (Annex A of the Convention).	
Fiscal (Tax) Policy	Legislative Decree No. 384 - Reform of Sales Tax (Stamp Tax).	30 November 1989	Create a modern and generally applicable instrument for sales of goods and provision of services, reform the law on stamped paper and fiscal stamps.	6.1.2.3 Sales Tax (stamp tax on import documents).	
Fiscal (Tax) Policy	Legislative Decree No. 385 - Repealing exemptions and privileges in development laws.	30 November 1989	Repeal provisions granting tax exemptions and privileges having negative effects on public finance and the economic system.	6.1.2.6 Legislation on Tariff Exemptions.	Reported in document L/6652 of 16 March 1990.
Fiscal (Tax) Policy	Legislative Decree No. 396 - Repealing export taxes on shrimps and sugar.	8 December 1989	Repeal the law providing for taxes on exports of shrimps, enacted by Legislative Decree No. 154 of 5 June 1961, and the tax on exports of sugar created by Legislative Decree No. 135 of 19 November 1974.	6.2.1 Export Tax	

Policy Area/ Sub-Area	Measure adopted	Date of adoption	Basic objective of the measure	Section, sub-section or instrument modified in the Memorandum (L/6391)	Comments
Fiscal (Tax) Policy	Legislative Decree No. 386 reforming the wealth tax.	30 November 1989	Reform the wealth tax law in order to co-ordinate tax policy with the objectives of the present economic policy.		
Fiscal (Tax) Policy	Legislative Decree No. 387 reforming income tax.	30 November 1989	Reform the income tax in order to improve the tax treatment of persons obliged to pay indirect taxes, as well as correct the effects of inflation.		
Fiscal (Tariff) Policy	Legislative Decree No. 383 - Tariff and Customs Régime.	30 November 1989	Modify and reduce import duties on a large number of headings in Part III of the Central American Import Tariff.	6.1.2.1 Central American Import Tariff (Annex A of the Convention).	Reported in document L/6652 of 16 March 1990.
Fiscal (Tax) Policy	Legislative Decree No. 397 repealing taxes on specific goods and services.	8 December 1989	Repeal the following Legislative Decreases: - Legislative Decree No. 443 of 6 December 1961 containing the Sugar Tax Law; - Legislative Decree No. 111 of 24 December 1941 containing the Tax on Income from the Production, Distribution or Lease of Cinemato- graphic Films; - Legislative Decree No. 292 of 5 February 1959 containing the Law on Taxes on Matches; - Legislative Decree No. 17 of 19 June 1942 containing the Law on Establishments Selling Used Articles; - Legislative Decree No. 18 of 24 June 1941 creating a levy on entry to or attendance at public spectacles and paid entertainments.		
Fiscal (Tax) Policy	Legislative Decree No. 398 reforming the export tax on coffee.	8 December 1989	Reform the law establishing a tax on coffee exports, so as to adjust it to present conditions in the cost of production, marketing, competitive- ness and macroeconomic management of the country.	6.2.1 Export Tax	

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Fiscal (Tax) Policy	Legislative Decree No. 399 reforming income tax.	8 December 1989	Amend Article 90 of the income tax law.		
Fiscal (Tax) Policy	Executive Decision No. 9 of the Ministry of the Economy. Classification of essential products exempted from pay- ment of stamp tax.	3 January 1990	Establish the list of foodstuffs and raw materials for the manufacture of foodstuffs that are classified as essential and are imported or marketed in the country, for the purposes of the application of the law on stamped paper and fiscal stamps.		
Fiscal (Tariff) Policy	Resolution No. 12 of the Ministries of the Economy and of Finance. Reform of tax on wheat imports.	12 January 1990	Apply the safeguard clause of the Convention on the Central American Tariff and Customs Régime, modifying the import duty on wheat.		
Fiscal (Tax) Policy	Executive Decision No. 61 of the Ministry of the Economy. Classification of essential products exempted from payment of stamp tax.	1 February 1990	Add pork to the list of products contained in Executive Decision No. 9 of 3 January 1990.		
Fiscal (Tax) Policy	Legislative Decree No. 451. Organic Law on the Directorate-General of Internal Taxes.	22 February 1990	Enact the Organic Law on the Directorate-General of Internal Taxes, with responsibility for all administrative activities relating to taxes on income, wealth, transfer of property, inheritance, gifts, taxes on the consumption of products and services, levies on productive and commercial activities, legal acts and trans- actions, other taxes and other payments as provided by the laws concerned.		

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Fiscal (Tax) Policy	Executive Decision No. 139 of the Ministry of the Economy. Classifi- cation of essential products exempted from payment of stamp tax.	13 March 1990	Add to the list of products declared to be essential raw materials for feeding poultry and livestock (cotton seed meal, soya meal and cotton seed hulls).		
Fiscal (Tariff) Policy	Resolution No. 94 of the Ministries of the Economy and of Finance. Tariff and Customs Régime.	21 March 1990	Modify and expand Annex A of the Convention on the Central American Tariff and Customs Régime, in accordance with the programme of tariff reduction begun by Resolution No. 224 of 18 September 1989.	6.1.2.1 Central American Import Tariff (Annex A of the Convention).	Instrument reported in the document entitled "Accession of El Salvador to GATT: Replies to Questions Submitted by the United States of America and the European Economic Community".
Fiscal (Tariff) Policy	Legislative Decree No. 486. Tariff and Customs Régime.	27 April 1989	Modify import taxes on certain goods included in Part III of the Central American Import Tariff.	6.1.2.1 Central American Import Tariff (Annex A of the Convention).	
Fiscal (Tariff) Policy	Resolution No. 130 of the Mini- stries of the Economy and of Finance. Tariff and Customs Régime.	2 May 1990	Amend Resolution No. 94 of 21 March 1990, in order to establish a new import tariff for yellow maize and white maize.	6.1.2.1 Central American Import Tariff (Annex A of the Convention)	
Fiscal (Tax) Policy	Legislative Decree No. 489. Reform of Sales Tax (Stamp Tax).	14 May 1990	Reform the law on stamped paper and fiscal stamps contained in Legislative Decree No. 284 of 31 January 1986, in order to exempt documents concerning domestic sales of fertilizers, insecticides, fungicides, herbicides, pesticides and the like, and raw materials for the manufacture thereof.	6.1.2.3 Sales tax (stamp tax on import documents).	

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Fiscal (Tax) Policy	Legislative Decree No. 490. Tariff and Customs Régime.	14 May 1990	Exempt books of every kind from the payment of any tax or levy in connection with importation, distribution or sale to the public.	6.1.2.1 Central American Import Tariff (Annex A of the Convention).	
Price Policy	Executive Decision No. 48 of the Ministry of the Economy. Price liberalization.	29 June 1989	Exempt from control and regulation of maximum sale prices soap for popular consumption which is manufac- tured in the country on the basis of beef tallow.	6.1.2.3 (f) Products subject to price regulation.	
Price Policy	Executive Decisions Nos. 110 and 111 of the Ministry of the Economy. Price liberalization.	21 July 1989	Gradual elimination of controls, administrative provisions and excessive red tape. Nearly 5,000 products were liberalized, including all imported medicaments in various forms.	6.1.2.3 (f) Products subject to price regulation.	Reported in document L/6652 of 16 March 1990.
Price Policy	Executive Agreement No. 366 of the Ministry of the Economy. Fixing of Prices.	7 December 1989	Fix maximum sales prices for edible oil.	6.1.2.3 (f) Products subject to price regulation.	
Price Policy	Executive Agreement No. 23 of the Ministry of the Economy.	9 January 1990	Fix the maximum sales price for cotton seed.	6.1.2.3 (f) Products subject to price regulation.	
Price Policy	Decision No. 2 of the Autonomous Institutions of the El Salvador Coffee Council. Determi- nation of the export price for coffee.	10 January 1990	Establish the "System for the calculation of the f.o.b. El Salvador port price per 46 kgs. of export coffee".	6.1.2.3 (f) Products subject to price regulation.	

Policy Area/ Sub-Area	Measure adopted	Date of adoption	Basic objective of the measure	Section, sub-section or instrument modified in the Memo:andum (L/6391)	Comments
Price Policy	Executive Decision No. 57 of the Ministry of the Economy. Fixing of prices.	30 January 1990	Annual Executive Decision No. 207 of 11 September 1989 and fix new maximum sales prices for wheat flour.	6.1.2.3 (f) Products subject to price regulation.	
Price Policy	Executive Decision No. 58 of the Ministry of the Economy. Fixing of prices.	31 January 1990	Annual Executive Decision No. 383 of 19 December 1989 and fix new maximum for domestic marketing of sugar.	6.1.2.3 (f) Products subject to price regulation.	
Price Policy	Executive Decision No. 69 of the Ministry of the Economy. Fixing of prices.	7 February 1990	Fix maximum sales prices for the domestic marketing of locally-produced edible fat.	6.1.2.3 (f) Products subject to price regulation.	
Price Policy	Executive Decision No. 70 of the Ministry of the Economy. Fixing of prices.	7 February 1990	Fix maximum sales prices for the domestic marketing of locally-produced margarine.	6.1.2.3 (f) Products subject to price regulation.	
Price Policy	Executive Decision No. 76 of the Ministry of the Economy. Fixing of prices.	9 February 1990	Establish the "system for fixing the average sales price ex-refinery per barrel of refined petroleum and prices of fuels derived from petroleum.	6.1.2.3 (f) Products subject to price regulation.	
Price Policy	Executive Decision No. 77 of the Ministry of the Economy and Finance. Fixing of prices.	9 February 1990	Fix new maximum sales prices for petroleum products.	6.1.2.3 (f) Products subject to price regulation.	
Price Policy	Executive Decision No. 78 of the Ministry of the Economy. Fixing of prices.	9 February 1990	Fix the maximum sales price for absolute ethyl alcohol for use in the production of gasohol.	6.1.2.3 (f) Products subject to price regulation.	

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Price Policy	Executive Decision No. 1127 of the Ministry of the Economy. Fixing of prices.	2 March 1990	Fix new maximum sales prices to the public of locally-produced Portland grey cement.	6.1.2.3 (f) Products subject to price regulation.	
Price Policy	Executive Decision No. 169. Fixing of prices.	27 March 1990	Replace Section G of Executive Decision No. 76 of 9.2.90 in order to modify the ex-refinery invoice prices for petroleum and petroleum fuel of the Acajutla Petroleum Refinery.	6.1.2.3 (f) Products subject to price regulation.	
Foreign Trade Policy (Administrative Organization)	Legislative Decree No. 295 abolishing the Ministry of Foreign Trade.	27 July 1989	Rationalize the use of the State's physical, human and financial resources. Abolish the Ministry of Foreign Trade and include its responsibilities in those of the Ministry of the Economy.	IX. Institutional organization of foreign trade.	Reported in document L/6652 of 16 March 1990
Foreign Trade Policy	Monetary Board Resolution No. JM-20/89. Elimination of import restrictions.	31 July 1989	Eliminate most import restriction imposed for balance-of-payments reasons.	6.1.3(b) General controls and requirements on imports.	Reported in document L/6652 of 16 March 1990
Foreign Trade Policy	Executive Decision No. 687 abolishing import prohibitions.	30 August 1989	Repeal Executive Decision No. 62 of 30 January 1989 which prohibited imports of private passenger motor cars of a c.i.f. value exceeding US\$12,000 and of rural vehicles of a value exceeding US\$15,000.	6.1.3.2 General prohibitions and requirements for imports.	
Foreign Trade Policy (Trade Agreements)	Executive Decision No. 272 of the Ministry of Foreign Affairs. Extension of the International Coffee Agreement.	12 September 1989	Sign the instrument of extension of the International Coffee Agreement of 1983 for a two-year period as from 1 October 1989.		

Policy Area/ Sub-Area	Measure adopted	Date of adoption	Basic objective of the measure	Section, sub-section or instrument modified in the Memorandum (L/6391)	Comments
Foreign Trade Policy (Admini- strative Organization)	Legislative Decree No. 18. Institutional reorganization.	15 September 1989	Reorganize the CENTREX Centre for processing export formalities mainly in order to centralize, streamline and simplify export formalities for Government bodies involved in exporting.	6.1.4 Processing Centre (CENTREX)	
Foreign Trade Policy (Admini- strative Organization)	Legislative Decree No. 352. Reforming the law on the National Coffee Institute	30 October 1989	Amend the law on the National Coffee Institute, limiting its functions to those of a State entity responsible for purchasing, processing and exporting coffee under free competition and on an equal footing with any private person carrying out the same activities.	6.2.2 Prior licensing for exports.	
Foreign Trade Policy (Admini- strative Organization)	Legislative Decree No. 353. Coffee Council of El Salvador.	30 October 1989	Create the Coffee Council of El Salvador as the autonomous State- body responsible for coffee policy and other activities connected with the coffee agro-industry.	6.2.2 Prior licensing for exports.	
Foreign Trade Policy (Admini- strative Organization)	Executive Decision No. 331 of the Ministries of the Economy and Foreign Affairs. Reorganization of the Export Development and Promotion Commission.	21 November 1989	Reorganize the inter-institutional Commission for the development and promotion of exports and investment set up under Executive Decision No. 469 of 18 August 1986.		
Foreign Trade Policy	Decision No. 3 of the Autonomous Institutions of the Coffee Council of El Salvador. Quality standards for export coffee.	10 January 1990	Establish quality standards for export coffee.		

Policy Area/ Sub-Area	Measure adopted	Date of adoption	Basic objective of the measure	Section, sub-section or instrument modified in the Memorandum (L/6391)	Comments
Foreign Trade Policy	Decree No. 6 of the Ministries of the Economy and of the Presidency. Register of coffee exporters.	16 January 1990	Establish regulations for the register of coffee exporters created by the law on the Coffee Council of El Salvador.	6.2.2 Prior licensing for exports	
Foreign Trade Policy (Trade Agreements)	Executive Decision No. 26 of the Ministry of the Economy. Regulations concerning the bilateral treaty with Honduras.	18 January 1990	Amend the regulations of the bilateral trade treaty between El Salvador and Honduras in order to update the section concerning the membership of joint trade commission created by that bilateral treaty.	7.2.1 Bilateral trade treaty with Honduras	
Foreign Trade Policy (Trade Agreements)	Legislative Decree No. 434. Bilateral agreement with the United States of America.	25 January 1990	Enact and approve the agreement between the Government of the United States of America and the Government of El Salvador for the sale of agricultural products.		
Foreign Trade Policy	Legislative Decree No. 460. Export revival law.	15 March 1990	Repeal the Export Promotion Law and enact the Export Revival Law with a view to establishing a mechanism for the proper use of resources with a view to achieving economic development, a suitable level of employment and promotion of the social welfare of the entire population.	6.2.3.1 Export promotion law and its regulations.	Instrument reported in the document entitled "Accession of El Salvador to GATT. Replies to Questions Submitted by the States of America and the European Economic Community."
Foreign Trade Policy (Institu- tional Organisation)	Legislative Decree No. 494. Amendment of the law on the National Sugar Institute.	11 May 1990	Reform the law on the National Sugar Institute in order to bring it into line with the new legislation.	6.3.2.2(c) National Sugar Institute (INAZUCAR)	

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Investment Policy	Legislative Decree No. 413. Amendments to the law for the promotion of foreign investment.	8 December 1989	Reform the foreign investment promotion and guarantee law.		
Investment Policy	Decree No. 1 of the Ministries of the Presidency and of the Economy. Regulations of the Foreign Investment Promotion Law	9 January 1990	Establish the regulations for the foreign investment promotion and guarantee law in order to facilitate and ensure the application of that law.		
Investment Policy	Legislative Decree No. 461. Law on the Free Zone Régime.	15 March 1990	Enact the law on the Free Zone and Bonded Warehouse Régime so that the persons developing, administering or using free zones enjoy advantages equivalent to those granted in international practices.	6.2.3.1.(f) Free Zones	Instrument reported in the document entitled "Accession of El Salvador to GATT. Replies to Questions Submitted by the United States of America and the European Economic Community".
Monetary Policy	Legislative Decree No. 365. Amendments to the Monetary Régime Law.	1 November 1989	Reform the law on the monetary régime so as to maintain suitable supervision and control over the institutions of the financial system.	8.1 Law on the Monetary Régime.	
Monetary Policy (Inter- national Transfers)	Legislative Decree No. 17. Amendments to the regulations of the Law on the control of inter- national transfers.	12 March 1990	Reform the regulations of the Law on the control of international transfers so that the Foreign Exchange Control Department of the Central Reserve Bank of El Salvador may authorize the sale of foreign exchange in order to settle any order for goods.	8.4 Foreign exchange system. Law on the control of international transfers.	

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Foreign Exchange Policy	Legislative Decree No. 400. Exchange rate for settlement of import transaction documents.	12 December 1989	Establish the form of conversion of the US Dollar into the national currency for the application of the exchange rate to be used for the collection of import taxes.	6.1.1.1.(h) Monetary unit and conversion of currencies	Instrument reported in the document, entitled "Accession of El Salvador to GATT. Replies to Questions Submitted by the United States of America and the European Economic Community".
Foreign Exchange Policies	Legislative Decree No. 480. Law on Foreign-Exchange Houses.	5 April 1990	Enact the Law on foreign-exchange houses in order to regulate the authorization and operations of foreign-exchange houses whose normal activity is the purchase and sale of foreign currency in notes, bank drafts, traveller's cheques and other instruments of payment expressed in foreign exchange at prices determined by supply and demand on the market.	VIII. Monetary, financial and foreign- exchange régime.	Instrument reported in the document entitled "Accession of El Salvador to GATT. Replies to Questions Submitted by the United States of America and the European Economic Community".