

GENERAL AGREEMENT ON

RESTRICTED

SCM/W/260

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TARIFFS AND TRADE

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REPLIES TO THE QUESTIONS SUBMITTED BY CANADA¹
ON THE LEGISLATION OF CHILE
(SCM/1/Add.16/Rev.2)

Reply No. 1:

The tariff surcharges are specific percentage tariffs of general application for imports of which the entry into the country causes or threatens serious injury to the domestic industry owing to artificially reduced prices in their home markets. This measure is applied when widespread distortions exist in international markets, and the amount of the surcharge plus the tariff cannot exceed the 35 per cent tariff bound in GATT. The surcharges are independent of countervailing duties applied to subsidized goods.

Reply No. 2:

The expression "distortions in the prices of imported goods" is understood to include distortions caused by subsidies, as well as other distortions such as dumping.

This expression is not directly related to the causal link between subsidized imports and injury to domestic producers. Under Article 16 of Ministry of Finance Decree No. 54-D.O. of 4 September 1990, investigations pursuant to subsidy complaints examine the existence of the subsidy as well as that of the injury caused by the subsidy, in accordance with the Code provisions.

Reply No. 3:

The Commission may conduct the investigations in question on its own initiative only in special circumstances, when it has sufficient evidence of the existence of a subsidy, of the injury, and of the causal link between the subsidized imports and the supposed injury. This is an extraordinary procedure, and so far it has never been used.

Reply No. 4:

The different terminology used in the legislation and regulations concerning injury to the domestic industry does not signify different injury standards. The terms should be understood as referring to injury to the domestic industry within the meaning of Article 2.1 of the Code.

¹Document SCM/W/249
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