

GENERAL AGREEMENT ON

TARIFFS AND TRADE

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COUNCIL

TRADE POLICY REVIEW MECHANISM

Communication from Uruguay

The attached communication has been received from the Government of Uruguay, responding to questions put in advance by the Government of Australia in the context of the trade policy review of Uruguay on 6 July 1992.

Specific questions from Australia for the Uruguay TPRM

Australia would appreciate Uruguay's response to the following specific questions. References are to the Secretariat Report (C/RM/S/26A).

1. What is the rationale for the 5,000 tonne tariff quota on raw sugar (page 64)?
 - At the present time there are no quotas for the import of raw or refined sugar. The sugar sector is going through a process of adjustment and the protection which had been given to that sector is being dismantled. As a result of this process of adjustment and additional adjustments due to the process or regional integration under MERCOSUR, it is to be foreseen that national sugar policy will require the adoption of various measures until 1995.
2. What is the rationale behind import prohibition on veterinary medicaments for animal growing or fattening?
 - Decree 915/988 of 28 December 1988 introduced a prohibition on the import, manufacture, sale or use of veterinary medicaments used to promote growth of bovine and ovine animals, swine, horses and poultry whose meat and by-products are destined for human consumption. This prohibition applies to medicaments which include substances having an estrogenic hormonal effect, hormonal anabolic substances and estrogenic anabolic substances. This measure was adopted to take account of the fact that feeding hormonal and non-hormonal anabolic substances to animals destined for human consumption may become a risk factor for public health. The requirements of foreign markets with regard to hygiene and health have thus been addressed while at the same time maintaining and increasing the reputation for quality Uruguayan meat which is produced using natural production methods.
3. Can Uruguay explain the reason for the wheat import quota described on page 72, para. 242?
 - Until 15 November 1992 imports of wheat to Uruguay are subject to the prior issue of Certificates of Need (Decree of 20 March 1991). This requirement has been abolished with effect from 16 November this year by the Decree of 6 May 1992.

4. In addition, we are concerned that the recent re-establishing of an indirect tax refund of 1.3 per cent FOB for combed tops and US\$330.73/tonne for combed yarn is a direct subsidy to the wool processing industry in Uruguay and places processors at a competitive advantage compared to other suppliers.
- A Decree of 29 July 1991 reintroduced an indirect tax drawback system for export of a range of products itemized in that Decree, which included those indicated in the question formulated by the delegation of Australia. The previous system had been suspended as a result of the fiscal adjustment measures introduced by the Executive on 18 April 1990. As a result of the improvement in the country's fiscal situation, it was possible to reintroduce the current system intended to contribute to improving the international competitiveness of Uruguayan exports. The drawback of indirect taxes stipulated in the Decree of 29 July 1991 does not, in the opinion of Uruguay, constitute a direct subsidy to the domestic wool industry.