

WORLD TRADE ORGANIZATION

G/SCM/N/95/URY
6 August 2003

(03-4133)

Committee on Subsidies and Countervailing Measures

Original: Spanish

SUBSIDIES

New and Complete Notifications Pursuant to Article XVI:1
of the GATT 1994 and Article 25 of the Agreement on
Subsidies and Countervailing Measures

URUGUAY

The following communication, dated 11 July 2003, has been received from the Permanent Mission of Uruguay.

Afforestation

1. Title of the subsidy programme, if relevant, or brief description or identification of the subsidy

Forestry Law.

2. Period covered by the notification

1 January 2002 to 31 December 2002.

3. Policy objective and/or purpose of the subsidy

- To increase the country's forest cover using low-productivity soils;
- To expand and upgrade industrial plants and technologies for processing wood from cultivated forests;
- To alleviate the pressure on the country's native forests, and enhance their conservation and sustainable use.

4. Background and authority for the subsidy (including identification of the legislation under which it is granted)

The preservation, improvement, expansion and creation of forest resources, the development of forest resources, the development of forest industries and the development of the forest economy in general.

Law No. 15.939 of 28 December 1987, published in the Official Journal on 9 February 1988 and Law No. 16.002 of 25 November 1988, published in the Official Journal on 13 December 1988.

Regulatory Decree Nos. 452/988 of 6 July 1988, published in the Official Journal on 14 July 1988, 931/88 of 30 December 1988, published in the Official Journal on 10 July 1989 and 212/97 of 18 June 1997, published in the Official Journal on 3 July 1997.

5. Form of subsidy (i.e. grant, loan, tax concession etc.)

Tax concession, tariff concession, partial refund of planting costs.

The tariff concession expired in December 2002, in accordance with the provisions of Article 65 of Law No. 15.939. As regards the partial refund of planting costs, Article 43 of Law No. 17.453 of 28 February 2002, published in the Official Journal on 1 March 2002, provides that such refunds will be gradually reduced from 2004 until they are phased out completely in 2007.

6. To whom and how the subsidy is provided (to producers, exporters, or others; through what mechanism; fixed or fluctuating amount per unit; if the latter, how determined)

Producers who invest in afforestation are entitled to the subsidies, provided that they qualify under Forestry Law No. 15.939 and the regulatory decrees. These provisions stipulate, *inter alia*, which soils can be used for afforestation, the types and species to be planted, the need for an afforestation plan approved by the Ministry of Livestock, Agriculture and Fisheries and the achievement, one year after plantation, of a survival rate exceeding 75 per cent.

7. Subsidy per unit, or in cases where this is not possible, the total annual amount budgeted for that subsidy (indicating, if possible, the average subsidy per unit in the previous year). Where provision of per unit subsidy information (for the year covered by the notification, for the previous year, or both) is not possible, a full explanation.

The amount of the refund of planting costs in dollars per hectare was reduced from \$165 during the period July 2000 to June 2001 to \$140 during the period January 2002 to December 2002.

Tax exemptions for protective forests (natural and artificial) and producing forests are estimated at approximately \$9 per hectare per year.

The total expenditure on subsidies has been as follows:

2001	US\$ 5,266,147
2002	US\$ 2,424,489

8. Duration of the subsidy and/or any other time limits attached to it, including date of inception/commencement

Exemptions and other tax benefits established by this Law apply to all taxes that in future would be levied generically on agricultural enterprises, their owners as such, or their income. Future taxes will be applicable for a period of at least 12 years from the time the forests specified in Article 39 of the Law are planted (Article 43).

Moreover, on the proposal of the Ministry of Livestock, Agriculture and Fisheries, the Government may exempt the importation of raw materials needed for the processing of domestically produced wood and of equipment, machinery, utility vehicles and tools needed for the installation and operation of such enterprises from all or part of the following taxes or charges: additional duties and other customs levies, including import tax, port dues and taxes, surcharges, deposits and any other

levy on imports, or applied in connection with importation, for a period of 15 years. As indicated in paragraph 5, this benefit expired in December 2002.

9. Statistical data permitting an assessment of the trade effects of the subsidy. The specific nature and scope of such statistics is left to the judgement of the notifying member. To the extent possible, relevant and/or determinable, however, it is desirable that such information includes statistics of production, consumption, imports and exports of the subsidized product(s) or sector(s).

Revised and updated statistical data concerning afforested areas and forestry exports for the calendar years 2000, 2001 and 2002, in terms of physical volume and value, are attached hereto.

Areas Afforested under the Project for the Period 2000-2002 (Hectares)

Department	2000	2001	2002
ARTIGAS	-	-	-
CANELONES	16	42	131
CERRO LARGO	2,626	1,133	-
COLONIA	138	38	-
DURAZNO	956	1,772	8
FLORES	-	-	-
FLORIDA	2,151	140	337
LAVALLEJA	7,637	2,593	936
MALDONADO	2,695	3,186	120
MONTEVIDEO	-	-	-
PAYSANDU	9,101	6,640	4,610
RIO NEGRO	2,502	2,073	388
RIVERA	11,309	6,317	5,105
ROCHA	2,617	3,705	174
SALTO	134	-	-
SAN JOSE	24	-	-
SORIANO	1,371	1,909	-
TACUAREMBO	10,044	11,829	2,003
TREINTA Y TRES	227	594	-
Total	53,547	41,970	13,811

Forestry Exports for the Period 2000-2002 (US\$)

NCM	PRODUCT	2000	2001	2002
44.01 – 06	Wood in the rough (total)	40,335	41,523	43,142
44.01 and 02	Fuel wood, charcoal, sawdust, particles, briquettes, etc.	426	667	137
44.03	Treated (poles, posts, stakes, etc.)	521	448	23
44.03	Untreated, coniferous	-	1	-
44.03	Untreated, non-coniferous (for pulp)	39,388	40,408	42,982
44.07	Sawn timber (total)	7,793	7,011	8,759
44.07	* Coniferous	5,565	5,173	1,031
44.07	* Non-coniferous	2,228	1,838	7,728
44.08	Veneer sheets and sheets for plywood	-	9	3
44.12	Plywood	-	-	-
44.10	Particle board	-	1	6
44.11	Fibreboard	-	30	0
44.15 – 21	Pallets, etc.	377	619	392
47.01 – 06	Wood pulp	19	376	-
47.07	Waste and scrap of paper or paperboard	1,394	1,758	1,491
48. 01 - 48.10	Paper and paperboard	36,169	32,991	32,784
TOTAL		86,087	84,317	86,578

Source: Forestry Department of the Ministry of Livestock, Agriculture and Fisheries (MGAP), based on data from the Central Bank of Uruguay (BCU)

NCM = MERCOSUR Common Nomenclature

Note: Exports of the following not included:

NCM	PRODUCT	2000	2001	2002
48.18	Toilet paper, napkins, etc.	10,678	7,415	5,619
48.19	Boxes, bags and other packing containers, of paper or paperboard	7,447	7,573	2,808
48.20	Books, pads, exercise books, folders, forms, etc.	47	58	590
48.21	Labels of all kinds, whether or not printed	103	121	148
48.23	Other paper, paperboard, cellulose fibre	4,777	6,912	2,215
Total		23,052	22,080	11,380

Forestry Exports for the Period 2000-2002 (Forestry)
(Cubic Metres, Tons, Units)

NCM	PRODUCT	2000	2001	2002
44.01 to 06	Wood in the rough (total)	861,739	937,422	1,097,008
44.01 and 02	Fuel wood, charcoal, sawdust, particles, briquettes, etc.	16,615	25,831	11,971
44.03	Treated (poles, posts, stakes etc.)	5,495	4,570	265
44.03	Untreated, coniferous	-	30	-
44.03	Untreated, non-coniferous (for pulp)	839,629	906,991	1,096,743
44.07	Sawn timber (total)	135,208	58,240	76,088
44.07	* Coniferous	116,363	44,053	7,549
44.07	* Non-coniferous	18,845	14,187	68,539
44.08	Veneer sheets and sheets for plywood	-	-	25
44.12	Plywood	-	-	-
44.10	Particle board	-	895	55
44.11	Fibreboard	-	161,849	-
44.15 to 21	Pallets, etc.	78,390	88,209	79,993
47.01 to 06	Wood pulp	26	588	-
47.07	Waste and scrap paper or paperboard	12,187	17,408	19,413
48.01 to 48.10	Paper and paperboard	38,804	36,172	43,526
<p>Source: Forestry Department of the Ministry of Livestock, Agriculture and Fisheries (MGAP), based on data from the Central Bank of Uruguay (BCU)</p> <p>NCM = MERCOSUR Common Nomenclature</p>				

Note: Exports of the following not included:

NCM	PRODUCT	2000	2001	2002
48.18	Toilet paper, napkins, etc. (tons)	5,873	4,589	4,209
48.19	Boxes, bags and other packing containers, or paper of paperboard (tons)	9,260	8,421	2,028
48.20	Books, pads, exercise books, folders, forms, etc. (tons)	13	21	378
48.21	Labels of all kinds, whether or not printed (tons)	11	14	8
48.23	Other paper, paperboard, cellulose fibre (tons)	7,275	7,939	4,787
Total		22,432	20,985	13,412

B. Automotive industry

1. Title of the subsidy programme, if relevant, or brief description or identification of the subsidy

Standards for enterprises exporting vehicles assembled in the country.

2. Period covered by the notification

1 January 2002 to 30 June 2003

3. Policy objective and/or purpose of the subsidy

Restructuring of the automotive sector and specialization in market segments for export.

4. Background and authority for the subsidy (including identification of the legislation under which it is granted)

Adoption of measures to facilitate business decisions relating to production and investment programmes and in preparation for the common MERCOSUR regime.

Decree No. 316/92 of 7 July 1992, published in the Official Journal on 25 September 1992.

Decree No. 583/94 of 30 December 1994.

Decree No. 340/96 of 23 August 1996, published in the Official Journal on 6 September 1996.

Decree No. 60/99 of 3 March 1999, published in the Official Journal on 12 March 1999.

Decree No. 273/99 of 10 September 1999, published in the Official Journal on 20 September 1999.¹

5. Form of the subsidy (i.e. grant, loan, tax concession, etc.)

Enterprises that export vehicles completed or part-completed in the country, or auto-parts of national origin, may benefit from a customs concession, applicable to imports of motor vehicles assembled in the place of origin and destined for the domestic market, in accordance with the conditions laid down in the above-mentioned regulations, or allocate it for the payment of taxes due to the Directorate-General of Taxation, in accordance with Article 3 of Decree No. 60/99.

6. To whom and how the subsidy is provided (whether to producers, to exporters, or others; through what mechanism; whether a fixed or fluctuating amount per unit; if the latter, how determined)

For every United States dollar of exports (based on the f.o.b. values declared in the relevant customs declarations) imports may be made with a concession of 13 per cent of the TGA (global tariff) applicable to the surcharge element for new vehicles assembled in the place of origin (based on c.i.f. imports declared to the Banco de la Republica Oriental de Uruguay (BROU)), or payments may be allocated to the Directorate-General of Taxation.

¹ Decrees Nos. 60/99 and 273/99 amended Decree No. 316/92 and prescribed a tax benefit not limited strictly to the importation of vehicles but which can also be used for meeting tax obligations.

- 7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy (indicating, if possible, the average subsidy per unit in the previous year). Where provision of per unit subsidy information (for the year covered by the notification for the previous year, or both) is not possible, a full explanation**

Thirteen per cent of the TGA (global tariff) applicable to the surcharge element for new vehicles assembled in the place of origin.

- 8. Duration of the subsidy and/or any other time limits attached to it, including date of inception/commencement**

Decree No. 60/99 entered into force in 1999 and continues to be in force by virtue of Decree No. 273/99.

- 9. Statistical data permitting an assessment of the trade effects of the subsidy. The specific nature and scope of such statistics is left to the judgement of the notifying member. To the extent possible, relevant and/or determinable, however, it is desirable that such information includes statistics of production, consumption, imports and exports of the subsidized products(s) or sector(s)**

Exports (f.o.b.) 2002 US\$ 163,319,143,70

Statistics for the period from 1 January to 30 June 2003 are not yet available.

LAW No. 16.002 (In Part)
Granting a Subsidy of up to 30 Per Cent of the Standard Cost of Planting

Promulgation: 25 November 1988
Publication: 13 December 1988

Article 45 – The Ministry of Livestock, Agriculture and Fisheries is authorized to pay an annual sum of N\$Ur 270,500,000 (two hundred and seventy million five hundred thousand new Uruguayan pesos) to the Forest Fund created under Article 52 of Law No. 15.939 of 28 December 1987. From the sum authorized under this Article, the Forest Fund may grant, in addition to the benefits provided for in Law No. 15.939 of 28 December 1987, a subsidy of up to 30% (thirty per cent) of the standard cost of planting established under Article 42 of the said Law to forest owners who are subject to Agricultural Income Tax (IRA) or Industrial and Commercial Income Tax (IRIC). In other cases, the subsidy may cover up to 50% (fifty per cent) of the said standard cost.

Government regulations shall determine the conditions of access to the subsidy by producers with producing or protective forest plans approved by the Forestry Department, to whom the latter has issued a certificate authorizing plantation and who are also subject to IRIC, IRA or Agricultural Activities Tax (IMAGRO).

Decree No. 931/88 – Subsidy for the Planting of Forests

Promulgation: 30 December 1988
Publication: 10 July 1989

MINISTRY OF LIVESTOCK, AGRICULTURE AND FISHERIES
MINISTRY OF THE ECONOMY AND FINANCE

Having regard to the provisions of Article 45 of Law No. 16.002 of 25 November 1988 and Article 53 of Law No. 15.939 of 18 December 1987;

Noting:

- (i) That Article 45.2 of Law No. 16.002 establishes that, in addition to the benefits provided for in Law No. 15.939 of 28 December 1987, the Forest Fund may grant a subsidy of up to 30% (thirty per cent) of the standard cost of planting to forest owners who are subject to Agricultural Income Tax (IRA). In other cases, the subsidy may cover up to 50% (fifty per cent) of the said standard cost.

Article 45.3 of the above Law stipulates that the regulations will determine the conditions under which producers may obtain the subsidy.

- (ii) That Article 53 of Law No. 15.939 sets out the tasks of the Administrative Board of the Forest Fund, without prejudice to those assigned to it in the regulations.

Considering:

- (i) That the provisions of Article 45 of Law No. 16.002 should be applied through the regulation of the aforesaid subsidies.
- (ii) That it is appropriate, to that end, to make the Administrative Board of the Forest Fund responsible for administering, monitoring and granting the said subsidies.

In the light of the above;

The President of the Republic

HEREBY DECREES:

Article 1

The granting of the subsidies provided for under Article 45 of Law No. 16.002 of 25 November 1988 shall be governed by the provisions of this Decree.

Article 2

Forest owners subject to Agricultural Income Tax (IRA) or Industrial and Commercial Income Tax (IRIC) shall receive, for each planted hectare and once only for each afforested area, a subsidy equivalent to 20 % (twenty per cent) of the standard cost of afforestation. This subsidy shall not be counted as taxable income for the purposes of the aforementioned taxes. Forest owners

subject to taxes shall receive, for each planted hectare and once only, for each afforested area, a subsidy amounting to 50 % (fifty per cent) of the standard cost of afforestation.

The fiscal year in which the planting took place shall be taken into account for the purpose of determining the percentage of the subsidy to be paid.

The Directorate-General of Taxation shall supply, upon application by the interested party, attestation of the latter's situation in respect of the first two paragraphs.

Article 3

The payment of subsidies to the owners of beneficiary forests shall be made taking into account the standard cost of afforestation in the fiscal year in which the planting took place, adjusted to reflect the fluctuations in the consumer price index in the period between the date of the entry into force of the applicable standard cost of afforestation and the month prior to that in which the order of payment is issued.

Article 4

In order to receive the aforementioned subsidies, natural or legal persons, public or private, must fulfil the following requirements:

- (a) Possess an afforestation plan for the plantation of protective or producing forests, approved by the Forestry Department;
- (b) Obtain, one year after planting the trees, a survival rate exceeding 75% (seventy five per cent) of the density indicated in the corresponding project;
- (c) The forest must be located on land where priority is given to forests and must have been declared a protective or producing forest by the Forestry Department;
- (d) Apply for the subsidy within four years of planting the forest.

Article 5

The afforestation plan provided for under Article 4 (a) shall be submitted in accordance with the provisions of Article 8 of Decree No. 452/988 of 6 July 1988.

Article 6

On applying for the subsidy, the beneficiary must demonstrate, by means of a technical report prepared in accordance with the provisions of Article 49 of Law No. 15.939, that the survival rate is in excess of 75% (seventy five per cent), indicating the methods used and the reasons therefore as well as the calculation process.

The owner shall declare under oath that the information provided in the application is accurate.

Article 7

Once the requirements set out in the above Articles have been met, the Forestry Department shall issue a certificate attesting to the plantation and designation of the forest, forwarding the details to the Administrative Board of the Forest Fund for the purpose of awarding the corresponding subsidy.

Article 8

The subsidies established in this Decree shall apply to plantations implemented as of 1 January 1989.

Article 9

The Ministry of Livestock, Agriculture and Fisheries, at the proposal of the Forestry Department, shall fix annually, on 30 June, the standard cost of afforestation and maintenance.

Article 10

The standard cost of afforestation shall be fixed in accordance with the tree species to be planted and the initial plantation densities.

The following items shall be considered as integral to the cost:

- (a) fencing;
- (b) soil preparation;
- (c) pest control;
- (d) plants;
- (e) planting;
- (f) replacement of losses;
- (g) miscellaneous costs (administration, stationery, fees, etc., which shall be calculated at 10% (ten per cent) of the estimated cost).

Article 11

In addition to the powers and tasks set out in Article 53 of Law No. 15.939, the Honorary Administrative Board of the Forest Fund shall administer the sums assigned in Article 45.3 of Law No. 16.002, being responsible for the monitoring and granting of the subsidies established in this Decree.

Article 12

The aforementioned Honorary Administrative Board shall establish its rules of procedure within ninety days of its creation.

Its decisions shall be adopted by a majority of the membership. An alternate member shall replace a permanent member in the event of the latter's absence.

Article 13

Proclaimed, etc.
Julio María Sanguinetti
Pedro Bonino
Ricardo Zerbino.

Decree No. 212/97

Increasing the Subsidy to up to 50 Per Cent of the Standard Cost of Planting

Promulgation: 18 June 1997

Publication: 3 July 1997

**MINISTRY OF LIVESTOCK, AGRICULTURE AND FISHING
MINISTRY OF ECONOMY AND FINANCE**

Having regard to the provisions of Article 251 of Law No. 16.170 of 28 December 1990.

Considering:

- (i) That, in accordance with the provisions of Article 45 of Law No. 16.002 of 25 November 1988, owners of agricultural enterprises who plant producing or protective forests under Law No. 15.939 of 28 December 1987 were authorized to receive a subsidy of up to thirty per cent of the standard cost of planting fixed by Article 42 of that law in the case of those subject to Agricultural Income Tax (IRA) or Industrial and Commercial Income Tax (IRIC), and of up to 50% (fifty per cent) in the case of those not subject thereto;
- (ii) That Article 2 of Decree No. 931/88 of 30 December 1988 fixed the subsidy at 20% (twenty per cent) of the standard cost of afforestation in the case of forest owners subject to Agricultural Income Tax (IRA) or Industrial and Commercial Income Tax (IRIC), and at 50% (fifty per cent) for forest owners not subject to those taxes;
- (iii) That the legal provisions cited in "Having regard to" above increased up to 50% (fifty per cent) of the standard cost of planting the amount of the subsidy that can be received by owners of agricultural enterprises who plant producing or protective forests authorized under the aforementioned Forestry Development Law, No. 15.939 of 28 December 1987;
- (iv) That Article 651 of Law No. 16.736 of 5 January 1996 modified the law in force governing authorized deductions from the Agricultural Income Tax (IRA), thereby preventing IRA taxpayers from deducting from their gross income for the fiscal year the cost of planting protective or producing forests for which they have received the Forest Fund subsidy.

Whereas:

- (i) The development of forestry production occupies a predominant place in the agricultural policy applied by the Government;
- (ii) The instruments for such development include subsidies that the State may grant to agricultural producers;

- (iii) In view of the exclusion, pursuant to Law No. 16.736, of deductions for the purposes of determining net income in respect of the Agricultural Income Tax (IRA), it is appropriate to adjust the amount of the subsidy applicable to the owners of agricultural enterprises subject to the Agricultural Income Tax (IRA) and the Industrial and Commercial Income Tax (IRIC) in order to reflect the new tax reality.

In light of the above.

The President of the Republic

HEREBY DECREES:

Article 1

The percentage established in Article 2.1 of Decree No. 931/988 of 30 December 1988 shall be increased to 50% (fifty per cent).

Forest owners who implemented plantations during the fiscal years up to 31 December 1995 shall continue to be governed by the provisions of Article 2 of Decree No. 931/988 of 30 December 1988.

Article 2

Recipients of the subsidy referred to in the first paragraph of the previous Article may not deduct the cost of planting protective or producing forests from their gross income for the purposes of paying the Agricultural Income Tax (IRA) or the Industrial and Commercial Income Tax (IRIC), if applicable. On applying for the subsidy, they shall accordingly submit to the Honorary Administrative Board of the Forest Fund a sworn statement attesting to the option chosen in accordance with the instruction thereon provided by the Board.

Article 3

The Honorary Administrative Board of the Forest Fund shall communicate to the Directorate-General of Taxation the names of the enterprises that have received a subsidy together with a copy of the sworn statement to which reference was made in the previous Article.

Article 4

Proclaimed, etc.
Julio María Sanguinetti
Carlos Gasparri
Luis Mosca.

LAW No. 17.453 (In Part)

Art. 43- The sum provided for under Article 219 of Law No. 17.296 of 21 February 2001, for the purpose of providing the benefits established under Article 52 of Law No. 15.939 of 28 December 1987 and the subsidy established under Article 45 of Law No. 16.002 of 24 November 1988, shall be reduced as of 1 January 2004 as follows:

2004	25%
2005	50%
2006	75%

Within 90 days of the adoption of this Law, the Government shall determine the scope, form and conditions of obtention of the said subsidy for the years 2004 to 2006. Under no circumstances may the maximum or annual total amount of the subsidy exceed that provided for in the budget, taking into account the reduction established in the first paragraph of this article.

Promulgation: 28 February 2002
Published in the Official Journal on 1 March 2002

Decree No. 316/992

Promulgation: 07/07/1992

Publication : 25/09/1992

National Register of Laws and Decrees:

Volume: 1
Semester: 2
Year: 1992
Page: 26

LACALLE HERRERA - EDUARDO ACHE - IGNACIO DE POSADAS MONTERO

Having regard to the measures adopted for the purpose of deregulating the automotive industry.

Whereas the special characteristics of the national automotive industry and of the domestic motor vehicle market make it advisable to adopt measures to encourage growth in exports of products from the sector, thereby enabling it to be restructured.

Considering:

- (i) The effects on local industry of the policies developed in this sector by the MERCOSUR member countries;
- (ii) That the measures to be applied will facilitate the adoption of sectoral agreements within the framework of the aforementioned treaty with a view to accelerating the integration of regional industry;
- (iii) That it is desirable to establish the exclusion of the benefit consisting of the refunding of indirect taxes in respect of the products the exportation of which is encouraged by this Decree;
- (iv) That it is necessary to find mechanisms to prevent distortions which in the process of restructuring, may be caused by commercial practices such as the importation of used vehicles or the assembly of vehicles from used parts;

Mindful of the above and of the provisions of Article 2.2(c) of Law 12.670 of 17 December 1959,

The President of the Republic

HEREBY DECREES:

Article 1

Enterprises that export completed or part-completed vehicles assembled in the country, or auto-parts of national origin, may avail themselves of the following mechanism, applicable to the importation of new motor vehicles assembled in the place of origin destined for the domestic market and to products they import under Tariff Heading 8708.99.90.50. of the MERCOSUR Common Nomenclature.

They may make imports with a concession of up to 13 per cent of the TGA (global tariff), which includes the 3 per cent increase resulting from Article 1 of Decree No. 484/997 of 29 December 1997, subject to a ceiling of the equivalent of US\$ 0.10 (ten United States cents) for every United States dollar of exports, based on the f.o.b. value declared in customs declarations.

Enterprises concurrently receiving the benefit provided under Decree No. 558/994 of 21 December 1994 shall reduce the ceiling provided for in the preceding paragraph to US\$ 0.07 (seven United States cents) and may allocate US\$ 0.005 (zero point five United States cents) to be used in the manner established in Decree No. 558/994 under reference, in which case the ceiling shall fall to US\$ 0.065 (six point five United States cents).

The enterprises covered in the first paragraph of this Article which, within a period of 90 days from the date of the export declaration, fail to make use of the TGA benefit in any of the alternatives envisaged, may allocate the balances for the payment of taxes due to the Directorate-General of Taxation.¹

Article 2

The following products shall be considered eligible for the benefits for which this Decree provides:

- Auto-parts produced in the country from domestic or imported raw materials, which have undergone a change in their original composition, shape or structure, provided that their ultimate destination is an Automotive Terminal or the motor vehicle replacement parts market, or they can reliably be shown to have been used in motor vehicles;
- Auto-parts assembled in the country and consisting of vehicle assemblies or sub-assemblies, provided that they are the result of a significant industrial process.
- Completed or part-completed vehicles assembled in the country from imported kits with a degree of disassembly approved by the National Department of Industry.
- Vehicle and auto-part manufacturing or assembly plants must demonstrate a National or Regional Value Added, as appropriate, in accordance with the origin requirements of bilateral or multilateral agreements concluded between the country and the importing countries.

The National Department of Industry of the Ministry of Industry, Energy and Mines shall be responsible for verifying compliance with the provisions of this Article.²

Article 3

The National Department of Industry of the Ministry of Industry, Energy and Mines shall monitor the values imported and exported by the respective enterprises and shall issue the appropriate certificates certifying that the importation qualifies for a concession of up to 10 per cent of the TGA, which shall be submitted to the Banco de la República Oriental del Uruguay, together with the form giving entitlement to import vehicles assembled in the place of origin, upon presentation of the import application.

¹ Wording of Decree No. 60/999 of 3 March 1999, Article 1. The original text can be viewed in Official Journal No. 23.648 of 25 September 1992. See Article 4.

² See Article 10.

Article 4

The exporting enterprises referred to in Article 1 may assign their rights derived from prior exports to enterprises that import vehicles for sale on the domestic market, which in this case shall be the beneficiaries of the tax exemption for which this Decree provides. The National Department of Industry of the Ministry of Industry, Energy and Mines shall check the respective assignment and authorize it, where appropriate.

Article 5

(³)

Article 6

The certificate of origin of vehicles assembled in the country for export to the Federal Republic of Brazil under the Trade Expansion Protocol (PEC) shall be issued by the National Department of Industry of the Ministry of Industry, Energy and Mines.

Article 7

The vehicle category G established by Article 1 of Decree No. 128/970 of 13 March 1970 is abolished. Articles 7 and 8 of Decree No. 464/978 of 11 August 1978 are revoked.

Article 8

The importation of goods referred to in Article 1 of Decree No. 494/990 of 29 October 1990, and Article 1 of Decree No. 583/990 of 18 December 1990, is prohibited for a period of 120 (one hundred and twenty) days from the entry into effect of this Decree.

Article 9

The importation of used vehicles of NADI heading 87.02 and subheading 07.01.02 is prohibited for a period of 120 (one hundred and twenty) days from the entry into effect of this Decree.

Article 10

Products covered by the provisions of Article 2 of this Decree in accordance with a resolution of the National Department of Industry of the Ministry of Industry, Energy and Mines are excluded from the benefits accorded by Article 5 of Decree No. 393/991 of 29 July 1991.

Article 11

This Decree shall enter into effect upon publication in two newspapers of the capital.

Article 12

Proclaimed, published, etc.

³ Revoked by Decree No. 583/994 of 30 December 1994, Article 1. The original text can be viewed in Official Journal No. 23.648, of 25 September 1992.

Decree No. 583/994

Promulgation : 30/12/1994

Publication : 13/01/1995

National Register of Laws and Decrees: not included.

LACALLE HERRERA - MIGUEL ANGEL GALAN – IGNACIO DE POSADAS MONTERO

Having regard to the regime adopted by Decree No. 316/992 of 7 July 1992, for the purpose of encouraging the restructuring of the national automotive industry;

Whereas:

- (i) The Council of the Common Market of MERCOSUR has decided (Decree No. 29/994):
 - (a) To establish a Common Automotive Regime to operate from 1 January 2000;
 - (b) To establish a provisional regime to operate from 1 June 1995.
- (ii) It is considered desirable to extend the period of validity of the regime established in Decree No. 316/992, since domestic enterprises are in the midst of a process of restructuring under cover of that Decree.
- (iii) The extension to be granted does not involve a restriction on Intra-Zonal automotive sector trade.

In the light of the above:

The President of the Republic

HEREBY DECREES:

Article 1

Article 5 of Decree No. 316/992 of 7 July 1992 is revoked, the TGA (global tariff) concessions established by that Decree being maintained in force until the Mercosur member countries agree the provisional regime referred to in recital (i).

Decree No. 340/996

Promulgation : 28/08/1996

Publication : 06/09/1996

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Having regard to the regime that regulates the national automotive industry;

Considering:

- (i) The present transitional situation through which the Mercosur automotive sector is passing and the initiation of definitions by Argentina and Brazil in connection with the final regime to operate from the year 2000;
- (ii) The prospect of Uruguay occupying a competitive position in the industry of the region, specializing in segments of the market and consolidating the changes made with a view to exporting to the region;
- (iii) The existence of an unfavourable regional economic climate which has limited exports under the CAUCE and PEC agreements and affected levels of industrial production;

Whereas it is desirable to adopt measures to facilitate business decisions concerning production schedules and investment and in preparation for the common MERCOSUR regime;

Mindful of the provisions of Article 2 of Law 12.670 of 17 December 1959 and Article 2 of Law 16.492 of 2 June 1994;

The President of the Republic

HEREBY DECREES:

Article 1

Motor vehicle components or auto-parts (parts, assemblies and subassemblies) imported as kits, in accordance with the lists authorized for each model by the National Department of Industry of the Ministry of Industry, Energy and Mines, shall be subject to a global tariff (TGA) of 2 (two per cent) by way of minimum surcharge.

The provisions of this Article shall apply during the period of validity of Decree No. 316/992 of 7 July 1992.

Article 2

The benefits for which Decree No. 316/992 of 7 July 1992 provides may be cumulated with those established by Decree No. 558/994 of 21 December 1994, under the conditions laid down in the next Article.¹

Article 3 (²)

Article 4

The motor vehicles of headings 87.02, 87.03 and 87.04 are incorporated in the regime established by Decree No. 558/994 of 21 December 1994, the tax refund percentage being fixed at 3.3% (three point three per cent).

Article 5

Exporters of products covered by Decree No. 316/992 of 7 July 1992 who have not had a tax refund percentage fixed within the context of above-mentioned Decree No. 558/994 and wish to opt for the accumulation of both benefits under the conditions laid down in Article 3 must apply to the Ministry of the Economy and Finance with a reasoned request for the fixing of a tax refund percentage.

Article 6

For the purpose of obtaining the "Tax Refund Certificates" referred to in Article 6 of above-mentioned Decree No. 558/994, the beneficiary enterprises must lodge with the Banco de la República Oriental del Uruguay a certificate issued by the National Department of Industry of the Ministry of Industry, Energy and Mines, showing that they are operating within the framework of Article 3 of this Decree.

Article 7

Account shall be rendered to the General Assembly.

Article 8

This Decree shall enter into effect on 1 September 1996.

Article 9

Proclaimed, published, etc.

¹ See Article 3.

² Revoked by Decree No. 60/999 of 3 March 1999, Article 4. The original text can be viewed in Base DIAR . See Articles 5 and 6.

Decree No. 60/999

Promulgation : 03/03/1999

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HAVING REGARD to the regime governing the Automotive Industry;

WHEREAS it is necessary to amend that regime in order that it may more efficiently attain the objectives for which it was adopted;

ACCORDINGLY

The President of the Republic

HEREBY DECREES:

Article 1

(¹)

Article 2

The National Department of Industry of the Ministry of Industry, Energy and Mines shall monitor the use of the benefit for which Article 1 provides and shall issue the corresponding certificates for presentation to the competent government authorities.

Article 3

(Transitional provision). The enterprises covered by Article 1 may earmark for the payment of taxes due to the Directorate-General of Taxation such balances as may exist on the effective date of this Decree owing to the non-use of the TGA concession envisaged under the present regime and which are no older than 90 days as from the said date.

Article 4

Article 3 of Decree No. 340/996 of 28 August 1996, and all provisions conflicting with the present Decree are hereby revoked.

¹ This Article reworded Decree No. 316/992 of 7 July 1992, Article 1, and should therefore be viewed in the latter.

Article 5
(¹)

Article 6

Proclaimed, published, etc.

¹ Revoked by Decree No. 273/999 of 10 September 1999, Article 1. The original text can be viewed in Base DIAR.

Decree No. 273/999

Promulgation : 10/09/1999

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SANGUINETTI - JULIO HERRERA - LUIS MOSCA

HAVING REGARD to the regime governing the Automotive Industry and the provisions of Decree No. 60/999 of 3 March 1999;

WHEREAS it is necessary to maintain in force as from 1 January 2000 the regime governing the Automotive Industry, with the amendments introduced by Decree No. 60/999 of 3 March 1999;

ACCORDINGLY

The President of the Republic
HEREBY DECREES:

Article 1

Article 5 of Decree No. 60/999 of 3 March 1999 is hereby revoked.

Article 2

Proclaimed, published, etc.
