

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## TARIFF NEGOTIATIONS WITH BRAZIL

### Tariff Negotiations Committee

#### Communication by the Brazilian Government in answer to Questions asked by Contracting Parties concerning Provisions of the Brazilian Tariff Law No.3,244 of 14 August 1957

#### Addendum

It was decided at the meeting of the Tariff Negotiations Committee for Brazil of 19 November (TNB/10) that delegations of Governments participating in the negotiations with Brazil should address their enquiries to the Brazilian delegation and that the secretariat should distribute the questions and answers for the information of other participants.

Up to this date the following questions and answers have been transmitted to the secretariat:

1. Article 5 of the Law of 14 August 1957

Question. Under the provisions of Article 5 of Law No.3,244 of 14 August 1957, the external value of the goods on the wholesale market of the exporting country is used as a basis for the determination of the ad valorem duties levied on goods imported into Brazil.

I take it that the reference is really to the external value of the goods sold in wholesale conditions in the exporting country (by analogy with the term "export value" used by the United States). I should be grateful if you could confirm this interpretation or if necessary submit more detailed explanations.

Answer. The external value for customs purposes as provided for in Article 5 of said law could be regarded as being the same as the export value when the latter value is arrived at without any further deductions than those relating to internal consumption taxes which can be reimbursed where exportation takes place.

2. Interpretation of Article 47 of Law No. 3,244 of 14 August 1957

Question. What interpretation should be attached to Article 47 which reads as follows: "The limit of alteration of the ad valorem rate as foreseen in paragraph 1 of Article 3 shall enter into effect two years as from the date of publication of this law."

Is it to be understood that any concessions which Brazil may grant during the January negotiations will not become effective before 14 August 1957?

Answer. Article 47 should be interpreted as follows: Paragraph 1 of Article 3 will not enter into force during the first two years following the publication of the tariff law. In other words, so long as paragraph 1 of Article 3 has not entered into force, duties may be modified within the framework of each chapter in which the corresponding item is classified. Nevertheless, the results of tariff negotiations will be given effect upon approval by the National Congress.

3. Comparison between Import Levies applicable before and after 14 August 1957

Question. Could the Brazilian delegation indicate in the case of specific goods what is the total amount of the agios, customs duties and related taxes levied both before and after the entry into force of Law No. 3,244.

Answer. The Brazilian delegation will be able to submit information relating to the amount of agios, customs duties and related taxes levied before and after the entry into force of Law No. 3,244 as soon as it has been apprised of those goods in respect of which such information is requested.

4. Local Differences in respect of Agios

Question. It appears that agios vary from town to town. Could the Brazilian delegation indicate the various agio rates for the various towns? Is this not a case where distortions of trade flows are to be feared?

Answer. It is a fact that agio rates vary from town to town. The delegation of Brazil can supply information in this respect. It must, however, be made clear that, if comparisons are made between the system existing prior to the promulgation of Law No. 3,244 and the present system, nothing in its opinion would justify an indication that distortions of trade flows can occur.

5. Transfer from the General Category to the Special Category

Question. Under Article 49 the Customs Policy Council is empowered to modify the classification of imports in the special category or in the general category. Is it not to be feared that the scope of concessions which may be granted in respect of items at present classified in the general category may be reduced if such items were to be transferred to the special category for which much higher agios are applicable?

Answer. The purpose of the classification of goods into two categories is to resolve balance-of-payments difficulties. No transfer of items from the general category to the special category or vice versa shall be effected for any other purpose and in no case will any such transfer be allowed for the purpose of reducing the scope of the concessions which Brazil may grant.

#### 6. The System Applicable to Like Products

Question. Under Article 48, paragraph 2, items of any kind, of which the supply in the internal market is considered satisfactory, are classified in the special category. Is it to be expected therefore that the filing by a Brazilian manufacturer of an application for the registration relating to the manufacture of a like product of domestic origin will entail the transfer of the corresponding item of foreign origin to the special category? Or, on the contrary, will the Customs Policy Council take account for such a transfer of the importance and the quality of the new production? Lastly, if domestic production proved inadequate, from the point of view of quantity or of quality, would the item concerned be transferred back from the special to the general category?

Answer. The answer to this question is to be found implicitly in the answer to the previous question. The problem of the protection granted to a like product of domestic origin shall be resolved by means of import duties and not through the transfer of one item from one category to the other.

#### 7. Bilateral Trade Agreements<sup>1</sup>

Question. At the meeting of the Tariff Negotiations Committee on 17 December 1957 the representative of Belgium and France enquired about the present status of the tariff agreements which were concluded by Brazil with certain Latin American countries and indicated that, according to information they had received, certain imports into Brazil from some such countries were still subject to the rates of the old tariff; they suggested that if this were so it was contrary to the most-favoured-nation provisions of GATT.

Answer. The representative of Brazil referred to Article 62(II) of the Tariff Law under which the Executive Power was obliged, within a period of one year from the date of publication of the Law, to promote the necessary arrangements for bringing up to date international agreements on the subject of customs treatment. He informed the Committee, however, that this matter had recently been put right in accordance with Brazil's GATT obligations, and that imports from each contracting party now enjoyed treatment as favourable as that granted to imports from any other country.

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<sup>1</sup> Question posed and answer given at the meeting of the Committee on 17 December 1957.