

GENERAL AGREEMENT ON TARIFFS AND TRADE

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BRAZILIAN INTERNAL TAXES

Note by the French Delegation

At the Fourth Session of the CONTRACTING PARTIES held in Annecy, an ad hoc group was set up to study the system of internal taxes amended by Act 494 of 1948, to ascertain whether these legal provisions were or were not compatible with the undertakings contracted by Brazil under the General Agreement.

After consideration of the texts in force in Brazil, the Working Party noted that the Brazilian Government had already pointed out to the Brazilian Congress all the existing laws which stipulated for different degrees of duties on domestic and imported products, in order to bring them into line with Article III of the General Agreement.

The Working Party likewise noted the statement by the delegate for Brazil, according to which his Government were prepared to send a further message to Congress asking the latter to proceed, as soon as possible, to amend all these Acts, in particular, the Act of 1948.

During the Fifth Session at Torquay, the CONTRACTING PARTIES considered the Bill 483-50 tabled for adoption by the Brazilian Congress.

On the basis of verbal and written information made available to it, the Working Party felt that, subject to certain exceptions, the Bill which was under consideration appeared to eliminate the discriminatory-internal taxes which had been adopted or increased since 30 October 1947.

Since the Torquay Session, no modification having been made in the contested system, the French delegate indicated during the present Session his desire to take stock of the situation.

He mentioned that in the interest of the GATT itself, it was desirable that contestations raised by certain countries should be settled as promptly as possible. He added that the French Government would greatly regret if it were forced to invoke the provisions of Article XXIII.

Replying to that intervention, the Brazilian delegate stated that Congress had not yet passed the Bill designed to harmonize the Brazilian legislation on internal taxes with the provisions of the General Agreement, and that he was ready to enter into consultation with the delegations concerned.

From the talks which took place with the Brazilian delegation, it appeared that the question had not progressed at all since the Fifth Session at Torquay.

The French delegation requests that the item of the maintenance of "Brazilian Taxes" be retained on the agenda, and that the CONTRACTING PARTIES agree to adopt a recommendation asking the Brazilian Government to adopt all the requisite measures to harmonize its legislation with Article III of the General Agreement.