RESTRICTED

L/1452/Add.1
31 October 1961

Limited Distribution

GENERAL AGREEMENT ON TARIFFS AND TRADE

Original: French

IMPORT RESTRICTIONS OF BRAZIL

Modifications of the System of Control and Restrictions

For the information of the CONTRACTING PARTIES the Brazilian delegation has supplied the text of Instruction No. 208 issued by the Superintendence of Money and Credit (SUMOC) of Brazil on 27 June 1961, modifying the system of control and restrictions as notified in document L/1452 of 28 April 1961.

Instruction No. 208 of 27 June 1961 of the Superintendence of Money and Credit

The SUMOC has decided, in accordance with the deliberations of the Council on 27 June 1961, and with the provisions of Article 3, paragraphs (h) and (i) and Articles 4 and 6 of Legislative Decree No. 7293 of 2 February 1945, and in conjunction with the provisions of Instruction No. 204 of 13 March 1961, that:

I. The following imports will be exempted from the prior import deposit referred to in SUMOC Instruction No. 204, Section II, paragraph (b)[1]:

(a) imports originating from countries participating in the Latin American Free Trade Association;

(b) imports of machinery and equipment for the establishment of industrial units or to supplement existing units;

(c) imports effected directly by official agencies;

(d) imports of products mentioned in Section V of this Instruction.

[1]The granting of a certificate of foreign exchange by the Exchange Department of the Bank of Brazil in accordance with paragraph (b) of Section II depends: "On evidence of the deposit in national currency at the Bank of Brazil, within five days of the conclusion of the exchange transaction, of a sum equivalent to the contract mentioned above against delivery of 150-day bills to the order of the importer and carrying interest at the rate of 6 per cent per annum."

II. Imports of machinery and equipment for the establishment or enlargement of industrial units, financed abroad or effected without exchange cover, will be subject to licences to be issued by the Carteira de Comércio Exterior (CACEX) after consultation with the Director of the Carteira de Câmbio of the Bank of Brazil and the Executive Director of the SUMOC; the SUMOC will keep a record of these operations for the purpose of compiling statistics and estimates for balance-of-payments purposes.

The SUMOC Council will establish the general procedure for the granting of licences and will examine individual cases which are contested or when requested to do so by one of the directors.

III. The percentages of 12 and 6 established for compulsory bank deposits by SUMOC Instruction No. 207 are reduced to 10 and 5 per cent, respectively. Banks using this facility for supplementing their credit resources must increase the repayment mentioned in Section II of Instruction No. 207 by 70 per cent, if on 1 October next they still have not reached the levels of 14 and 7 per cent required by the said provision.

IV. The Executive Director of the SUMOC is authorized to intervene in the stock markets through the intermediary of the Carteira de Redescontos when he deems necessary and in accordance with the levels fixed by the Minister of Finance.

V. Exchange operations referred to in SUMOC Instruction No. 204, Section V[1], will be effected in the free exchange market. The Carteira de Câmbio of the Bank of Brazil will draw up quarterly contracts for the sale of foreign exchange for imports of wheat, petroleum and petroleum derivatives.

Public Corporations, public service companies, publishing houses and undertakings still in the course of effecting investments financed or guaranteed by the National Bank for Economic Development and which do not have the immediate resources required to cover the increased rate of exchange, may submit to the SUMOC requests for short-term credits. For this purpose, with the exception of amounts that are specifically allocated, temporary use may be made of the cruzeiro counterpart of financing obtained abroad by the Brazilian Government.

In the case of the Federal Government, State governments or municipal authorities, a financial programme will be established compatible with their respective budgetary position.

---

[1] Imports of newsprint, paper, fertilizers and insecticides, wheat, petroleum and its derivatives, equipment for the petroleum industry, equipment for printing and publishing activities, maps, books, newspapers, magazines, etc., and equipment for investments considered essential to the country's economic development or political security.