

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

**RESTRICTED**  
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**Group of Negotiations on Services**

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**COMMUNICATION FROM BRAZIL**

**Draft Schedule of Brazil Concerning Initial  
Commitments on Trade in Services**

The following communication is circulated at the request of Brazil to members of the Group of Negotiations on Services.

The attached document contains the Brazilian Draft Schedule of Initial Commitments under the General Agreement on Trade in Services. It represents the result of bilateral negotiations as of this date. It is understood that this Schedule may be subject to modifications, depending on a satisfactory outcome in the text of the Draft GATS and on positive results in areas under negotiation which are of specific interest to Brazil.

Sector or Sub-Sector  
All Sectors

SCHEDULE OF SPECIFIC COMMITMENTS OF BRAZIL

Limitation on Market Access      Limitation on National Treatment  
Additional Commitments

Note 1 - Investment

In accordance with laws and regulations governing foreign investment, all foreign capital invested in Brazil must be registered with the Central Bank of Brazil to be eligible for remittances. The Central Bank establishes procedures related to remittances and transfer of funds abroad.

Note 2 - Movement of Natural Persons

UNBOUND, except for specialized technicians, highly qualified professionals, managers and directors.

Foreign specialized technicians and highly qualified professionals may work under a temporary contract with legal entities, whether of national or foreign capital, established in Brazil. The pertinent contract must be approved by the Ministry of Labour. Approval of contracts of specialized technicians and highly qualified professionals takes into account the compatibility of their qualifications with the area of business in which the company is engaged. The company must justify the need to contract such professionals and technicians in relation to similar professionals and technicians available in Brazil.

SCHEDULE OF SPECIFIC COMMITMENTS OF BRAZIL	Limitation on Market Access	Limitation on National Treatment
Sector or Sub-Sector		Additional Commitments
All Sectors		

Juridical persons must obey the proportionality of at least two Brazilians for three employees when engaged in the following activities listed in this offer: communications; land transportation; commercial stores in general; commercial offices; insurance; advertising; hotels and restaurants.

Managers and Directors appointed to affiliates of foreign companies established in Brazil will be granted access under the following conditions: designation to a position with full decision-making power; vacancy of such position; existence of associate link between the service provider in the Brazilian territory and its headquarters abroad; proof by the service provider in Brazil that the Manager or Director is performing his duties after receiving the visa. Appointment of such Managers or Directors must be related to the provision of new technology, increase in productivity or the foreign company must have invested a minimum amount of US\$ 200,000,00 (Amount may be adjusted in the future to a corresponding US\$ value of 1993) in Brazil.

All other requirements, laws and regulations regarding entry, stay and work shall continue to apply.

Additional Commitments

Limitation on National Treatment

Note 3 - Commercial Presence

Foreign service suppliers wishing to supply a service as a juridical person must be organized as a legal entity foreseen by the Brazilian law. The Brazilian law establishes for juridical persons a separate existence from the person of its holders, thus granting the juridical person with individual existence. Consequently, a juridical person has full title and responsibility for its patrimonial rights and obligations. An entity earns the condition of private law juridical person when the correspondent incorporation act (By-Laws and/or Articles of Association) is duly filed with the appropriate Entities' Public Registry (EPR).

It is mandatory that the EPR records contain the following data on the juridical person:

- (i) its denomination, purpose and location of head offices;
- (ii) the description of its management, including active and passive, judicial and extra-judicial representation;
- (iii) the process of amendment of the management provisions;
- (iv) the provisions regarding the liability of the officers for its acts; and
- (v) the provisions concerning its termination, including the destination of its assets.

SCHEDULE OF SPECIFIC COMMITMENTS OF BRAZIL	Limitation on Market Access	Limitation on National Treatment	Additional Commitments
Sector or Sub-Sector			
All Sectors			

The juridical persons referred as "sole proprietorship" and "partnership" in Article XXXIV, item (l) of the General Agreement on Trade in Services are not considered as such under Brazilian law.

A joint venture may be accomplished by a capital association through the formation of any type of business organization as set forth in the Brazilian law (usually a Private Limited Liability Company - *Limitedada* - or a Corporation - *Sociedade Anônima*). A joint venture may also be carried out through a *consórcio*, which is neither a juridical person nor a form of capital association. A *consórcio* is used mainly with major contracts for rendering of services. It is a contract of two or more enterprises for a joint accomplishment of one specific undertaking. Each associate in a *consórcio* maintain its respective organizational structure.

#### Note 4 - Subsidiies

Unbound for subsidies for Research and Development.

SCHEDULE OF SPECIFIC COMMITMENTS OF BRAZIL

Sector / sub-sector	Limitations on Market Access				Limitations on National Treatment	Additional Commitments
<u>COMMUNICATIONS</u>						
Courier services (#) (75121)	(1) NONE (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.	(1) NONE (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.	(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.	(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.		
<u>LAND TRANSPORT</u>						
Rail freight (71121, 71123, 71129)	(1) UNBOUND (2) UNBOUND (3) Governmental authorization required. (4) UNBOUND, except as indicated in Note 2.	(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.	(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.	(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.		
Pipelines (7139) excluding hydrocarbon products	(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.	(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.	(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.	(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.		

Key: {1} Cross-border supply  
{2} Consumption abroad

{3} Commercial presence  
{4} Presence of natural persons

(#) Pick-up, transport and delivery of letters, post-cards and grouped correspondence, as well as issuance of stamps and other postage payments are not included in this offer.

SCHEDULE OF SPECIFIC COMMITMENTS OF BRAZIL

Sector/Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
<b>LAND TRANSPORT</b>			
Road freight (71231, 71233, 71234)	(1) UNBOUND (2) UNBOUND  (3) Foreign participation is limited to 1/5 of the voting shares of Brazilian companies engaged in this activity.  (4) UNBOUND, except as indicated in Note 2.	(1) UNBOUND (2) UNBOUND (3) NONE  (4) UNBOUND, except as indicated in Note 2.	(1) UNBOUND, except as indicated in Note 2.
Cargo handling (741)	(1) UNBOUND (2) UNBOUND (3) NONE  (4) UNBOUND, except as indicated in Note 2.	(1) UNBOUND (2) UNBOUND (3) NONE  (4) UNBOUND, except as indicated in Note 2.	(1) UNBOUND (2) UNBOUND (3) NONE  (4) UNBOUND, except as indicated in Note 2.
Storage and warehousing (742)	(1) UNBOUND (2) UNBOUND (3) NONE  (4) UNBOUND, except as indicated in Note 2.	(1) UNBOUND (2) UNBOUND (3) NONE  (4) UNBOUND, except as indicated in Note 2.	(3) Commercial presence (4) Presence of natural persons

Key: {1} Cross-border supply  
{2} Consumption abroad

SCHEDULE OF SPECIFIC COMMITMENTS OF BRAZIL

Sector/Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
INSURANCE			
Insurance on freight (81293)	<p>(1) Imports can only be insured with established companies.</p> <p>(2) UNBOUND</p> <p>(3) Specific type of legal entity required. Foreign participation is limited to 50% of the capital of a company and to 1/3 of its voting stock.</p> <p>(4) UNBOUND, except as indicated in Note 2.</p>	<p>(1) NONE</p> <p>(2) UNBOUND</p> <p>(3) NONE</p> <p>(4) UNBOUND, except as indicated in Note 2.</p>	
Life insurance (81211)	<p>(1) UNBOUND</p> <p>(2) UNBOUND</p> <p>(3) Same conditions as in Insurance on Freight.</p> <p>(4) UNBOUND, except as indicated in Note 2.</p>	<p>(1) UNBOUND</p> <p>(2) UNBOUND</p> <p>(3) NONE</p> <p>(4) UNBOUND, except as indicated in Note 2.</p>	
Medical Care (81291)	<p>(1) UNBOUND</p> <p>(2) UNBOUND</p> <p>(3) Same conditions as in Insurance on Freight.</p> <p>(4) UNBOUND, except as indicated in Note 2.</p>	<p>(1) UNBOUND</p> <p>(2) UNBOUND</p> <p>(3) NONE</p> <p>(4) UNBOUND, except as indicated in Note 2.</p>	
Key:		{1} Cross-border supply {2} Consumption abroad	{3} Commercial presence {4} Presence of natural persons

SCHEDULE OF SPECIFIC COMMITMENTS OF BRAZIL

Sector/Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
INSURANCE			
Property Insurance (81292, 81294, 81295 81296)	(1) UNBOUND (2) UNBOUND (3) Same conditions as in Insurance on Freight. (4) UNBOUND, except as indicated in Note 2.	(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.	
Liability Insurance (81297)	(1) UNBOUND (2) UNBOUND (3) Same conditions as in Insurance on Freight. (4) UNBOUND, except as indicated in Note 2.	(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.	
Auxiliary Services - agencies and brokers (81401)	(1) UNBOUND (2) UNBOUND (3) Individuals only. (4) UNBOUND, except as indicated in Note 2.	(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.	
Auxiliary Services - consultancy, actuarial and surveys (81402, 81404)	(1) NONE (2) NONE (3) NONE (4) UNBOUND, except as indicated in Note 2.	(1) NONE (2) NONE (3) NONE	

Key: {1} Cross-border supply abroad  
{2} Consumption abroad  
{3} Commercial presence of natural persons  
{4} Presence of natural persons

SCHEDULE OF SPECIFIC COMMITMENTS OF BRAZIL

Sector/Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional
<b>CONSTRUCTION SERVICES</b>			
General Construction Services (511, 512, 513)	(1) UNBOUND (2) UNBOUND (3) NONE. Access will be granted 5 years after entering into force of Agreement establishing the Multilateral Trade Organization. (4) UNBOUND, except as indicated in Note 2.	(1) UNBOUND (2) UNBOUND (3) NONE	
Installation Assembly Work and Maintenance and Repair of fixed structures (514, 516)	(1) UNBOUND (2) UNBOUND (3) Same conditions as in General Constructions Services. (4) UNBOUND, except as indicated in Note 2.	(1) UNBOUND (2) UNBOUND (3) NONE	(4) UNBOUND, except as indicated in Note 2.

Key: {1} Cross-border supply      {3} Commercial presence  
{2} Consumption abroad      {4} Presence of natural persons

SCHEDULE OF SPECIFIC COMMITMENTS OF BRAZIL

Sector/Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
OTHER BUSINESS (871)	<p>(1) Foreign participation in the production is limited to 1/3 of the footage of advertising films. Larger participation is conditional on use of Brazilian talent and production house. Advertising films must be spoken in Portuguese, unless the use of a foreign language is required by the subject of the film.</p> <p>(2) UNBOUND</p> <p>(3) In addition to the conditions above (1) foreign participation is limited to 49% of the capital of companies established in Brazil. Leadership must remain with Brazilian partners. Foreign producers must live at least 3 years in Brazil before being authorized to produce films. Professionals are subject to the Brazilian Code of Ethics of Advertising Professionals.</p> <p>(4) UNBOUND, except as indicated in Note 2 and (3) above.</p>	<p>(1) NONE</p> <p>(2) UNBOUND</p> <p>(3) NONE</p>	
	<p>{1} Cross-border supply</p> <p>{2} Consumption abroad</p>	<p>{3} Commercial presence</p> <p>{4} Presence of natural persons</p>	<p>(4) UNBOUND, except as indicated in Note 2.</p>

Key:

SCHEDULE OF SPECIFIC COMMITMENTS OF BRAZIL

Sector/sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
<b>OTHER BUSINESS</b>			
Market research and public opinion polling (864)	(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.	(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.	
Building cleaning (874)	(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.	(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.	
Management consulting (865)	(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.	(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.	
Project management (86601)	(1) UNBOUND (2) UNBOUND (3) Companies must be registered with the Regional Council of Administrators. (4) UNBOUND, except as indicated in Note 2.	(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.	

**Key:** {1} Cross-border supply  
{2} Consumption abroad      {3} Commercial presence  
{4} Presence of natural persons

SCHEDULE OF SPECIFIC COMMITMENTS OF BRAZIL

Sector/Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
PROFESSIONAL SERVICES Accounting, auditing and bookkeeping (862)	<p>(1) UNBOUND, except that a foreign service supplier may cede its name to Brazilian professionals who will constitute and exercise full participation in a new juridical person within Brazil.</p> <p>(2) UNBOUND</p> <p>(3) Special registration requirements for accountants who wish to audit such companies as financial institutions and savings and loans associations. Brazilian accounting and auditing standards must be followed. Such individuals who fulfill these requirements may constitute a juridical person which shall be registered with the Federal Council of Accounting. Participation of non-residents on juridical persons controlled by Brazilian nationals is not allowed.</p> <p>(4) UNBOUND, except as indicated in Note 2 and (3) above.</p>	<p>(1) UNBOUND</p> <p>(2) UNBOUND</p> <p>(3) NONE</p>	<p>(4) UNBOUND, except as indicated in Note 2.</p>

Key: {1} Cross-border supply abroad  
{2} Consumption abroad  
{3} Commercial presence of natural persons  
{4} Presence of natural persons

SCHEDULE OF SPECIFIC COMMITMENTS OF BRAZIL

Sector/Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
<b>PROFESSIONAL SERVICES</b>			
<b>Architectural Services (8671)</b>	<p>(1) UNBOUND            (2) UNBOUND            (3) Foreign companies must join Brazilian companies in a specific type of legal entity (<i>consórcio</i>); the Brazilian partner shall maintain the leadership. The contract establishing the <i>consórcio</i> must clearly define its objective.</p> <p>(4) UNBOUND, except as indicated in Note 2.</p>	<p>(1) UNBOUND            (2) UNBOUND            (3) NONE</p> <p>(4) UNBOUND, except as indicated in Note 2.</p>	<p>(4) UNBOUND, except as indicated in Note 2.</p>
<b>Urban planning (8674)</b>	<p>(1) UNBOUND            (2) UNBOUND            (3) Same conditions as in Architectural services            (4) UNBOUND, except as indicated in Note 2.</p>	<p>(1) UNBOUND            (2) UNBOUND            (3) NONE</p> <p>(4) UNBOUND, except as indicated in Note 2.</p>	<p>(3) Commercial presence of natural persons            (4) Presence of natural persons</p>

Key:

{1} Cross-border supply

{2} Consumption abroad

{3} Commercial presence of natural persons

{4} Presence of natural persons

SCHEDULE OF SPECIFIC COMMITMENTS OF BRAZIL

Sector/Sub-sector	Limitations on Market Access				Limitations on National Treatment	Additional Commitments
<b>PROFESSIONAL SERVICES</b>						
Advisory and consultative engineering services (86721)	(1) UNBOUND (2) UNBOUND (3) Same conditions as in Architectural services (4) UNBOUND, except as indicated in Note 2.		(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.			
Industrial engineering (86725)	(1) UNBOUND (2) UNBOUND (3) Same conditions as in Architectural services (4) UNBOUND, except as indicated in Note 2.		(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.			
Engineering design (86722, 86723, 86724)	(1) UNBOUND (2) UNBOUND (3) Same conditions as in Architectural services (4) UNBOUND, except as indicated in Note 2.		(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.			

Key: {1} Cross-border supply {2} Consumption abroad {3} Commercial presence {4} Presence of natural persons

SCHEDULE OF SPECIFIC COMMITMENTS OF BRAZIL

Sector/Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
<b>PROFESSIONAL SERVICES</b>			
Other engineering services (86729)	(1) UNBOUND (2) UNBOUND (3) Same conditions as in Architectural services (4) UNBOUND, except as indicated in Note 2.	(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.	
Translation and interpretation services (excluding official translators) (87905)	(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.	(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.	

Key: {1} Cross-border supply {3} Commercial presence  
{2} Consumption abroad {4} Presence of natural persons

SCHEDULE OF SPECIFIC COMMITMENTS OF BRAZIL

Sector/Sub-sector	Limitations on Market Access				Limitations on National Treatment	Additional Commitments
DISTRIBUTION SERVICES	(1)	(2)	(3)	(4)		
Wholesale trade (#) (622)	(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.				(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.	
Retail trade (631, 632)	(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.				(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.	
Franchising (8929)	(1) Franchise contracts must be in conformity with the Industrial Property Code to be eligible for payment of royalties. (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.				(1) NONE (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.	

Key: (1) Cross-border supply  
 {2} Consumption abroad  
 (#) Excluding CPC 62271 - Wholesale trade services of solid, liquid and gaseous fuels and related products.

(3) Commercial presence  
 {4} Presence of natural persons

SCHEDULE OF SPECIFIC COMMITMENTS OF BRAZIL

Sector / sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
<b>HOTELS AND RESTAURANTS</b>			
<b>Hotels (641)</b>	(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.	(1) UNBOUND (2) UNBOUND (3) NONE, except that (#) (4) UNBOUND, except as indicated in Note 2.	
<b>Restaurants (642)</b>	(1) UNBOUND (2) UNBOUND (3) NONE (4) UNBOUND, except as indicated in Note 2.	(1) UNBOUND (2) UNBOUND (3) NONE, except that (#) (4) UNBOUND, except as indicated in Note 2.	

Key: {1} Cross-border supply      {2} Consumption abroad      {3} Commercial presence      {4} Presence of natural persons

(#) Brazilian firms operating in the Amazon and North-eastern regions benefit from certain tax credit incentives. Other incentives are limited to firms with majority of capital held by Brazilian citizens or legal entities.