

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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TRADE RESTRICTIONS MAINTAINED BY BRAZIL IN

THE INFORMATICS SECTOR

Communication from the United States

The following communication, bearing the above heading and dated 5 November 1986, has been received from the Office of the United States Trade Representative with the request that it be circulated to contracting parties.

The United States wishes to call to the attention of contracting parties certain matters regarding trade restrictions maintained by Brazil in the informatics sector. The United States has been consulting with Brazil for more than a year regarding restrictions and distortions of trade in informatics products maintained by Brazil under Brazilian Law No. 7.232 and other laws and policies. The Brazilian measures include, inter alia, restrictions on the importation of certain computers and computer-related products. Based on the text of Law No. 7.232 and explanations provided by the Government of Brazil, it is the understanding of the United States that the restrictions are designed to "promote the establishment" of a particular industry or industries within the meaning of Article XVIII of the GATT, although Brazil has not so notified these restrictions or attempted to obtain the concurrence of contracting parties.

The United States considers that the Brazilian restrictions in question substantially affect rights and interests of the United States protected by the provisions of Article XVIII and are inconsistent with other provisions of the General Agreement. In accordance with a decision by President Reagan of October 6, the Delegation of the United States therefore wishes to advise contracting parties of the intention of the United States, in the absence of a satisfactory resolution of this matter, to exercise rights under Article XVIII to suspend the application to Brazil of substantially equivalent concessions. The products to which the suspension of concessions will apply will be notified to the CONTRACTING PARTIES in a subsequent communication in accordance with Article XVIII.