

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

RESTRICTED

MTN.SB/SN/17/Rev.1

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Special Distribution

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Surveillance Body

STANDSTILL

Notification

Revision

The following revision of MTN.SB/SN/17 is circulated at Brazil's request.

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1. On 22 July 1988, the United States Government announced its intention to impose trade restrictive measures against selected Brazilian goods, virtually excluding Brazilian suppliers of those items from the US market.
2. The mere announcement of such an intention disrupted the exports of the selected Brazilian products, thus infringing GATT provisions. It prompted the Brazilian Government, on 22 August 1988, to request consultations with the US Government under Article XXIII:1 of the General Agreement.
3. The US Government replied, on 9 September 1988, that the consultations would be premature, on the questionable grounds that the mere intention of applying restrictive measures would not affect trade. The matter was brought to the attention of the Surveillance Body on 22 August 1988.
4. On 20 October 1988, the US Government effectively decided to impose the announced unilateral import restrictions on 22 products of Brazilian origin. The list of those products, whose imports into the US market have averaged US\$39 million during the past three years, is annexed.
5. The US action is taken solely on the basis of its domestic legislation, in disregard of GATT rules, and constitutes a blatant violation of the standstill commitments undertaken by Ministers at Punta del Este, namely:
  - (i) not to take any restrictive or distorting measure inconsistent with the provisions of the General Agreement or the Instruments negotiated within the framework of the GATT or under its auspices;

(iii) not to take any trade measures in such a manner as to improve its negotiating positions.

6. The US decision, by applying "prohibitive tariffs", unilaterally denies access to the US market for the products listed in the annex. This clearly affects Brazil's trade interests and rights under the GATT.

7. Furthermore, the stated objective of the restrictive measure is to force Brazil to change its legislation on intellectual property rights. Hence it represents an attempt to improve the US negotiating position in the Uruguay Round, in particular in the negotiations on trade-related aspects of intellectual property rights.

8. The Brazilian Government, following receipt of a communication from the US authorities indicating their willingness to hold consultations on this matter, will suggest appropriate dates for these shortly.

ANNEX I

For Immediate Release

October 20, 1988

INCREASE IN THE RATES OF DUTY  
FOR CERTAIN ARTICLES FROM BRAZIL

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BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

1. On July 21, 1988, prior to the date of enactment of section 1301 of the Omnibus Trade and Competitiveness Act of 1988 (Pub. L. 100-418), I determined pursuant to section 301 of the Trade Act of 1974, as amended (19 U.S.C. 2411), that the Government of Brazil has failed to provide process and product patent protection for pharmaceutical products and fine chemicals, and that this failure is unreasonable and constitutes a burden or restriction on U.S. commerce (53 Fed. Reg. 28177). This failure permits the unauthorized copying of pharmaceutical products and processes that were invented by U.S. firms. I directed the United States Trade Representative to hold public hearings on products of Brazil that were appropriate candidates for increased duties or other import restrictions, and those hearings were held September 8 and 9, 1988. I have further determined, pursuant to section 301 of the Trade Act of 1974, as amended by the Omnibus Trade and Competitiveness Act of 1988, that appropriate and feasible action in response to Brazil's unreasonable policies and practices is to impose increased duties of 100 percent ad valorem on certain imported articles that are the products of Brazil.

2. Section 301 of the Act as amended authorizes appropriate and feasible action within the power of the President to obtain the elimination of an act, policy, or practice of a foreign government that is inconsistent with the provisions of, or otherwise denies benefits to the United States under, a trade agreement; or is unjustifiable, unreasonable, or discriminatory and burdens or restricts U.S. commerce. Section 301 authorizes the suspension, withdrawal, or prevention of the application of benefits of trade agreement concessions with respect to, and the imposition of duties or other import restrictions on the products of, such foreign country for such time as is appropriate. Pursuant to section 301, such actions may be taken on a nondiscriminatory basis or solely against the products of the foreign country involved.

3. I have decided, pursuant to section 301, to increase U.S. import duties on the articles provided for in the annexes to this Proclamation that are the products of Brazil.

4. Section 604 of the Trade Act of 1974 (19 U.S.C. 2483) authorizes the President to embody in the Tariff Schedules of the United States (TSUS) the substance of the provisions of that Act, of other Acts

MORE

ANNEX I (cont'd)

affecting import treatment, and of actions taken thereunder. Section 1204(b) of the Omnibus Trade and Competitiveness Act of 1988 requires that I proclaim such modifications to the Harmonized Tariff Schedule of the United States (HTS), as enacted in section 1204 of that Act, as are necessary or appropriate to implement the applicable provisions of statutes enacted, executive actions taken, and final judicial decisions rendered, after January 1, 1988, and before the effective date of the HTS.

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, acting under the authority vested in me by the Constitution and statutes of the United States, including but not limited to sections 301 and 604 of the Trade Act of 1974, as amended, and section 1204 of the Omnibus Trade and Competitiveness Act of 1988, do proclaim that:

(1) Subpart B of part 2 of the Appendix to the TSUS is modified as provided in Annex I to this Proclamation.

(2) Chapter 99 of the HTS is modified as provided in Annex II to this Proclamation.

(3) The United States Trade Representative is authorized to suspend, modify, or terminate the increased duties imposed by this Proclamation upon publication in the Federal Register of his determination that such action is in the interest of the United States.

(4) (a) The modifications to the TSUS made by Annex I to this Proclamation are effective with respect to articles entered, or withdrawn from warehouse for consumption, on or after the 10th day after the date of signature of this Proclamation.

(b) The modifications to the HTS made by Annex II to this Proclamation are effective with respect to articles entered, or withdrawn from warehouse for consumption, on or after January 1, 1989.

IN WITNESS WHEREOF, I have hereunto set my hand this twentieth day of October, in the year of our Lord nineteen hundred and eighty-eight, and of the Independence of the United States of America the two hundred and thirteenth.

RONALD REAGAN

ANNEX II

Subpart B of part 2 of the Appendix to the Tariff Schedules of the United States is modified by inserting in numerical sequence the following new items and superior heading, set forth herein in columnar form, in the columns designated "Item", "Articles", "Rates of Duty 1", and "Rates of duty 2", respectively.

	"Articles the product of Brazil:		
946.60	Writing paper weighing over 18 pounds per ream (provided for in item 252.75, part 4B of schedule 2).....	100% ad val.	No change
946.61	Other papers not specially provided for, not impregnated, not coated, not surface-colored, not embossed, not ruled, not lined, not printed, and not decorated, weighing not over 18 pounds per ream (provided for in items 252.77 and 252.79, part 4B of schedule 2).....	100% ad val.	No change
946.62	Writing paper weighing over 18 pounds per ream, not lithographically printed (provided for in item 254.56, part 4B of schedule 2).....	100% ad val.	No change
946.63	Other paper and paperboard (except basic paper to be sensitized for use in photography and except filtering paper), cut to size or shape (provided for in items 256.20, 256.25, and 256.30, part 4C of schedule 2).....	100% ad val.	No change
946.64	Blank books, bound (provided for in items 256.56 and 256.58, part 4C of schedule 2).....	100% ad val.	No change
946.65	Synthetic alkaloids and their compounds (provided for in item 437.20, part 3B of schedule 4).....	100% ad val.	No change
946.66	Antibiotics, except natural and not artificially mixed (provided for in item 437.32, part 3B of schedule 4)...	100% ad val.	No change
946.67	Menthol (provided for in item 437.64, part 3B of schedule 4).....	100% ad val.	No change
946.68	Micro-wave ovens (provided for in item 684.25, part 5 of schedule 6).....	100% ad val.	No change
946.70	Television cameras, and parts thereof (provided for in item 684.90, part 5 of schedule 6).....	100% ad val.	No change

ANNEX II (cont'd)

946.71	Complete television receivers (provided for in item 684.92, part 5 of schedule 6).....	100% ad val.	No change
946.72	Television receiver assemblies having a picture tube (including kits con- taining all parts necessary for assembly into complete monochrome or color receivers) (provided for in items 684.94 and 684.96, part 5 of schedule 6).....	100% ad val.	No change
946.73	Record players, phonographs, record changers, turntables, and parts of the foregoing (except tone arms and parts thereof) (provided for in item 685.38, part 5 of schedule 6).....	100% ad val.	No change
946.74	Telephone answering machines, and parts thereof (provided for in item 685.39, part 5 of schedule 6).....	100% ad val.	No change
946.75	Tape recorders and dictation recording and transcribing machines (other than telephone answering machines), and parts thereof (provided for in item 685.40, part 5 of schedule 6).....	100% ad val.	No change
946.76	Radio-television-phonograph combina- tions (provided for in item 685.42, part 5 of schedule 6).....	100% ad val.	No change
946.77	Other radiotelegraphic and radio- telephonic transmission and reception apparatus, and parts thereof, not specially provided for (provided for in item 685.49, part 5 of schedule 6).....	100% ad val.	No change"

ANNEX III

## MODIFICATIONS TO THE HARMONIZED TARIFF SCHEDULE OF THE UNITED STATES

Subchapter III of chapter 99 of the Harmonized Tariff Schedule of the United States (HTS) (section 1204 of Pub. L. 100-418) is modified by inserting the following new subheadings and superior description, with the material inserted in the columns entitled "Heading/Subheading", "Article Description", "Rates of Duty 1 General", and "Rates of Duty 2", respectively.

9903.42.01	<p>"Articles the product of Brazil: Menthol (provided for in subheading 2906.11.00); medicaments containing menthol, put up in measured doses or in forms or packings for retail sale (provided for in subheading 3004.90.60)..... 100% ad val. No change</p>
9903.42.05	<p>Theophylline and aminophylline (Theophylline-ethylenediamine) and their derivatives, ephedrine (except pseudoephedrine), alkaloids of rye ergot and their derivatives, and salts of any of the foregoing (provided for in subheadings 2939.40.50, 2939.50.00 and 2939.60.00); vegetable alkaloids reproduced by synthesis and their salts, ethers, esters and other derivatives, the foregoing not specially provided for (provided for in subheading 2939.90.50); and medicaments containing any of the foregoing alkaloids or derivatives but not containing hormones or other products of heading 2937 or antibiotics, whether or not put up in measured doses or in forms or packings for retail sale (provided for in subheadings 3003.40.00 and 3004.40.00)..... 100% ad val. No change</p>
9903.42.10	<p>Streptomycins, tetracyclines and erythromycin and their derivatives; salts of any of the foregoing (provided for in subheadings 2941.20.00, 2941.30.00 and 2941.50.00); other antibiotics not specially provided for, except natural and except aromatic or modified aromatic (provided for in subheading 2941.90.50); medicaments containing antibiotics other than penicillins or derivatives thereof, with a penicillanic acid structure, or streptomycins or their derivatives, the foregoing not put up in measured doses or in forms or packings for retail sale (provided for in subheading 3003.20.00); medicaments containing penicillins or derivatives thereof (except penicillin G salts), streptomycins or their derivatives or other antibiotics (provided for in subheadings 3004.10.50 and 3004.20.00)..... 100% ad val. No change</p>

## ANNEX III (cont'd)

9903.42.15	Writing paper (provided for in subheadings 4802.51.10, 4802.52.10, and 4802.53.10); other writing paper and cover paper, of which more than 10 per cent by weight of the total fiber content consists of fibers obtained by a mechanical process (provided for in subheading 4802.60.10).....	100% ad val.	No change
9903.42.20	Other uncoated paper and paperboard not specially provided for, in rolls or sheets, weighing not over 30 g/m <sup>2</sup> (provided for in subheadings 4805.60.50 and 4805.60.70).....	100% ad val.	No change
9903.42.25	Self-copy writing paper whether or not printed, in rolls of a width exceeding 36 cm or in rectangular (including square) sheets with at least one side exceeding 36 cm in unfolded state (provided for in subheading 4809.20.20).....	100% ad val.	No change
9903.42.28	Other paper and paperboard (other than light-weight coated paper) of a kind used for writing, printing or other graphic purposes, coated on one or both sides with kaolin or other inorganic substances, with or without a binder, and with no other coating, whether or not surface-colored, surface-decorated or printed, in rolls or sheets (provided for in subheading 4810.29.00).....	100% ad val.	No change
9903.42.30	Carbon or similar copying papers and self-copy paper (provided for in subheadings 4816.10.00 and 4816.20.00).....	100% ad val.	No change
9903.42.33	Letter cards, plain postcards and correspondence cards (provided for in subheading 4817.20.40).....	100% ad val.	No change
9903.42.35	Toilet paper, handkerchiefs, cleansing or facial tissues and towels, and tablecloths and table napkins (provided for in subheadings 4818.10.00, 4818.20.00 and 4818.30.00).....	100% ad val.	No change
9903.42.38	Sanitary food and beverage containers (provided for in subheading 4819.50.20); trays, dishes, plates, cups and the like, of paper or paperboard (provided for in subheading 4823.60.00).....	100% ad val.	No change
9903.42.40	Registers, account books, note-books, order books, receipt books, letter pads, memorandum pads, diaries and similar articles (provided for in subheadings 4820.10.20 and 4820.10.40).....	100% ad val.	No change



ANNEX III (cont'd)

9903.42.45	Paper and paperboard labels of all kinds, not printed, not pressure-sensitive (provided for in subheading 4821.90.40); gummed or adhesive paper, in strips or rolls, not pressure-sensitive (provided for in subheading 4823.19.00); cards, not punched, for punchboard machines, whether or not in strips (provided for in subheading 4823.30.00).....	100% ad val.	No change
9903.42.50	Other paper and paperboard (except basic paper to be sensitized for use in photography), of a kind used for writing, printing or other graphic purposes (provided for in subheadings 4823.51.00 and 4823.59.40); other coated paper or paperboard or articles thereof (provided for in subheading 4823.90.65); other goods of paper pulp, paper, paperboard, cellulose wadding or webs of cellulose fibers (provided for in subheading 4823.90.85).....	100% ad val.	No change
9903.42.55	Microwave ovens (provided for in subheadings 8419.81.10 and 8516.50.00).....	100% ad val.	No change
9903.42.60	Turntables, record players, and other sound recording apparatus (except cassette type of subheading 8519.91.00), not incorporating a sound recording device (provided for in heading 8519); parts of the foregoing (provided for in subheading 8522.90.90).....	100% ad val.	No change
9903.42.65	Magnetic tape recorders and other sound recording apparatus, whether or not incorporating a sound reproducing device (provided for in heading 8520); parts of the foregoing (provided for in subheadings 8522.90.60 and 8522.90.90).....	100% ad val.	No change
9903.42.70	Magnetic tape-type video recording or reproducing apparatus (provided for in subheading 8521.10.00).....	100% ad val.	No change
9903.42.75	Parts and accessories of apparatus of headings 8519 to 8521 (provided for in subheadings 8522.90.60 and 8522.90.90).....	100% ad val.	No change
9903.42.80	Television cameras (provided for in subheading 8525.30.00).....	100% ad val.	No change