

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

RESTRICTED

C/W/265  
30 October 1975

Limited Distribution

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COUNCIL  
31 October 1975

BRAZIL - RENEGOTIATION OF SCHEDULE III

Draft Decision

A request for a waiver from the obligations under Article II of the General Agreement was made by the Brazilian delegation at the Council meeting on 25 September 1975 (C/M/108). The following draft decision is circulated in order to facilitate the consideration by the Council of the Brazilian request.

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Considering that the CONTRACTING PARTIES on 27 February 1967 decided to suspend the application of the provisions of Article II of the General Agreement to the extent necessary to enable the Government of Brazil to apply the rates of duty provided in its new Customs Tariff, which might exceed those bound in Schedule III, pending the completion of negotiations for the modification or withdrawal of concessions in that Schedule subject to the conditions provided for in that Decision;

Considering that paragraphs 1 and 3 of the conditions in the Decision provided that the Government of Brazil as promptly as possible should enter into negotiations or consultations with interested contracting parties in order to establish a new Schedule III, the negotiations or consultations to be completed before 29 February 1968, which period was, by successive decisions of the CONTRACTING PARTIES, extended to 30 April 1974;

Noting that the results of the negotiations are embodied in document SECRET/187 and addenda and that the results of these negotiations were put into effect by the Government of Brazil as of 27 May 1975 with the exception of certain concessions which the Government of Brazil has notified to the CONTRACTING PARTIES in two communications dated respectively 25 June and 18 September 1975 (documents L/4191 and L/4191/Add.1);

Urging the Government of Brazil to submit to the contracting parties the new Schedule III, as renegotiated, as soon as possible.

The CONTRACTING PARTIES, acting pursuant to the provisions of paragraph 5 of Article XXV of the General Agreement,

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DECIDE to suspend the application of Article II of the General Agreement to the extent necessary to enable the Government of Brazil to retain in effect the rates provided in its present customs tariff for the products described in the communications of 25 June and 18 September 1975, pending the completion of negotiations for modifications or withdrawal of concessions in the new Schedule III, subject to the following conditions:

1. The Government of Brazil will as soon as possible enter into negotiations or consultations pursuant to paragraphs 1 to 3 of Article XXVIII. These negotiations or consultations would relate to the compensation for the modifications specified in the two Brazilian communications mentioned above with a view to reaching a satisfactory adjustment consistent with the requirements of paragraph 2 of Article XXVIII.

2. Part IV of the General Agreement, including Article XXXVI:8, is applicable to the negotiations between Brazil and the contracting parties which have accepted the Protocol amending the General Agreement on Tariffs and Trade to Introduce a Part IV on Trade and Development; and other contracting parties, negotiating with Brazil, likewise accept the principle enunciated in Article XXXVI:8 as applicable to the negotiations.

3. The negotiations or consultations mentioned above shall be completed not later than 31 March 1977.

4. Pending the entry into force of the results of the negotiations or consultations mentioned above, the other contracting parties will be free to suspend concessions initially negotiated with Brazil to the extent that they consider that adequate compensation, bearing in mind the provision of paragraph 2 of this Decision, is not offered within a reasonable time by the Government of Brazil (subject to the right of any third contracting party having a principal supplying interest or a substantial interest therein to withdraw substantially equivalent concessions initially negotiated with such other contracting parties).

5. Except as may be otherwise provided in this Decision, the negotiations or consultations mentioned above shall be conducted in conformity with the relevant provisions of Article XXVIII.