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Page: 1/2

Committee on Import Licensing

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## IMPORT LICENSING SYSTEM OF BRAZIL

### FOLLOW-UP QUESTIONS FROM THE EUROPEAN UNION TO BRAZIL

The following communication, dated 27 March 2018, is being circulated at the request of the delegation of the European Union.

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The EU thanks Brazil for the replies to its previous questions. However, as already raised at the last meeting of this Committee, the EU still needs further clarifications.

Furthermore, the EU understands that Brazil is currently carrying on a revision of its import procedures and, in particular, of the ones applicable to the importation of Nitrocellulose for industrial use. Then, the EU understands that the recently established inter-ministerial Technical Group on Import Licences will meet in the coming weeks and will discuss the import requirements for nitrocellulose.

EU question No 1: Could Brazil submit additional information on the tasks of the inter-ministerial Technical Group on Import Licenses, notably about the participants and its scope? Could also Brazil clarify the expected timeline of the review? What sectors will the review cover?

EU question No 2: Could Brazil confirm that the Technical Group is in charge of the review of the import procedures applied to nitrocellulose?

In its written replies, Brazil state that all proceeding regarding nitrocellulose can be downloaded at "<http://www.mdic.gov.br/index.php/comercio-exterior/importacao/tratamento-administrativo-de-importacao>". However, the EU still fails to find the relevant information and therefore, would ask Brazil once more to present in details the current requirement for the importation of Nitrocellulose for commercial use. In particular, as asked in this committee several times, the EU continues to request reciprocal treatment of the import of nitrocellulose products for industrial purposes with a nitrogen content of max. 12.5% and would need further clarifications on the procedures for the importation of nitrocellulose under NCM 3912.20 (nitratos de cellulose/ nitrocellulose).

EU question No 3: Could Brazil present in details with reference to the procedures to be followed for the importation of nitrocellulose?

Brazil claims that the procedures are in place to guarantee national security interest. In this respect, the EU would like to underline that a stability test for industrial nitrocellulose declared the EU products to have the highest safety standard worldwide and that these products are stable and will not show a dangerous decomposition, even if they should get dry. Therefore, the national security in Brazil will not be affected negatively.

EU question No 4: Could Brazil clarify what it is meant with "national security interests"?

Looking back at the past years, the EU is pleased to note some positive developments. In particular, we are pleased to note that Brazil agrees with us that there is a difference between military and industrial-grade nitrocellulose. More recently, we were pleased to learn from the Ministry of Defence that the import in Brazil of industrial grade nitrocellulose is also allowed;

however only if the product is originating in Uruguay. This has been recently clarified by the Brazilian authorities who expressly stated the following:

Nitrocellulose is a product controlled by the Army and its importation is restricted on the basis of Article 190 of Decree 3.665 of 20 November 2000 (R-105) [Art. 190. O produto controlado que estiver sendo fabricado no país, por indústria considerada de valor estratégico pelo Exército, terá sua importação negada ou restringida, podendo, entretanto, autorizações especiais ser concedidas, após ser julgada a sua conveniência.]

Currently, the importation of this product is only authorized when the Nitrocellulose degree of nitration is below the level required for military applications, is in dissolved or suspended form and originating only in Uruguay. Legal persons duly registered with the Army for the import of the product in question would be able to import the product under the above mentioned conditions. Brazil also submitted us Portaria 56/2017 setting the rules for the procedures to be followed for obtaining the registration by the Army. For each importation, the registered company would have to transmit to the Army's Direction for the Enforcement of Controlled Goods (Diretoria de Fiscalização de Produtos Controlados- DFPC) a request for an International Certificate of Importation, using a specific template<sup>1</sup>.

EU question No 5: Could Brazil clarify why the nitrocellulose for industrial use originating in Uruguay can be imported?

EU question No 6: Is it due to a specific bilateral agreement between Brazil and Uruguay? Could Brazil submit the legal basis?

EU question No 7: Could Brazil clarify why the nitrocellulose for industrial use originating in Uruguay is different from the EU products?

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<sup>1</sup> Annex I to this document (available for consultation in the Market Access Division, in English only).