I. Legal and administrative basis of the import restrictions;

II. Products or groups of products affected by the import restrictions;

III. Methods used in restricting imports.

Under Article 55 of Law No. 3,244/57, Brazil's imports are in principle liberalized and are therefore not subject to prior licensing. The importer must simply comply with the general rules regarding exchange matters and foreign trade and must pay the taxes and charges normally required under the tax legislation, except in cases specifically exempted.

Nevertheless, for purposes of supervising the classification, specifications and prices of goods for application of the ad valorem duty rates and for verifying the use made of foreign exchange purchased in the foreign exchange market, imports are the subject of certificates (guias) which are issued by CACEX.

For purposes of exchange control, Article 48 of Law No. 3,244/57 provides the possibility of classifying imported goods in two categories (general and special), imports in the latter category being subject to permit. This restriction was, however, applied only until 1 March 1967; from that date, in accordance with Resolution No. 41 of 22 November 1966 of the Central Bank of Brazil, imports of the products that had until then made up the special category were brought under the same régime as those in the general category, i.e. exempt from licensing.

For reasons of public health, national security, protection of Brazilian industry, or rational organization of imports intended for given sectors of the national economy or for sectors threatened by excessive foreign competition, the following restrictions are applied:

(a) Prior licence - This system applies to imports carried out in special conditions outside the context of normal imports in accordance with the above-mentioned regulations. The application of this system does not, however, constitute a noteworthy restriction but derives essentially from the need to make a distinction between imports enjoying preferential tax treatment or any other favour granted by the Government, and other imports.
(b) Exception in cases of like domestic production - In accordance with Articles 17 to 21 of Legislative Decree No. 37 of 18 October 1966 and with the implementing regulations promulgated by Decree No. 61574 of 20 October 1967, except in cases specifically mentioned in those texts imports of foreign goods may not be granted tax exemption if Brazil produces like goods, on the basis of criteria set forth in the regulations applied by the Foreign Trade Department in order to determine "like" products.

(c) Flag privilege provisions for transport - In accordance with the provisions of Decree No. 47225 of 12 November 1959, imports eligible for the special advantages granted by the Government must be carried on ships or aircraft operating under the Brazilian flag.

(d) Raw materials and other primary commodities not produced, or not produced in sufficient quantities, in Brazil - Imports of these products may be granted exemption or reduction of duties in cases determined by the Customs Policy Council, under Article 4 of Law No. 3,244/57, as amended by Article 7 of Legislative Decree No. 63 of 21 October 1966, but only for a certain time and within the limits of a specified global quota or subject to the purchase of a certain proportion of Brazilian product, as specified by the resolutions applicable in each case issued by the body granting the permit, or by the recommendations of the Foreign Trade Department where the latter is the responsible authority. In such case, the restriction affects only applications that are not in conformity with the requirements.

(e) Scale of minimum prices - Under Article 9 of Law No. 3,244/57, the Customs Policy Council is empowered to establish a scale of minimum prices.

(f) Additional specific duties - Article 6 of Legislative Decree No. 63 dated 21 November 1966 authorizes the Customs Policy Council to apply, over and above the scale of minimum prices, the compensatory duties that may be necessary and in particular supplements in the form of specific duties, in order to afford adequate protection to production of goods transferred from the special to the general category where their manufacture is threatened by unfair competition from like imported goods. To supplement these provisions, Article 2 of Legislative Decree No. 333 of 12 October 1967 stipulates that the Customs Policy Council may fix minimum values for calculation of the compensatory duties on imports in the cases referred to above.

Remarks - The provisions mentioned under (e) and (f) above do not, strictly speaking, constitute non-tax restrictions, since the minimum price scales or the additional specific duties are written into the normal tariff. It is only in cases of dumping - and none has yet occurred - that these provisions could be applied to a supplying country that was in the situation contemplated.
In addition to the above-mentioned restrictions, which are based on specific provisions in the foreign trade and customs legislation, there are certain cases of absolute prohibition, State monopoly or prior authorization by various government bodies, under the provisions of certain specific laws.

With respect to the products or groups of products affected by the restrictions in force, it should be noted that the exception in the case of like domestic production and the Brazilian flag privilege can apply to all imported products, of whatever nature, to the extent that they enjoy exemption from or reduction of taxes, or any other advantage granted by the Government.

The other restrictions mentioned, including prohibitions or State monopolies, are applicable in the following cases:

(a) **Prior licensing:**

- Imports without exchange cover on whatever basis, even in the case of foreign capital investments registered with the Central Bank of Brazil;

- Imports covered by an external financing operation registered with the Central Bank of Brazil;

- Machinery and equipment and parts therefor, imported in connexion with projects approved by "grupos executivos";

- Used equipment;

- Capital goods jointly financed by AID and CREAL;

- Imports settled in cruzeiros in accordance with frontier trade agreements;

- Wheat in bulk or wheat flour imported exclusively by the Foreign Trade Department under State monopoly;

- Products eligible for exemption from or reduction of customs duties pursuant to Article 4 of Law No. 3,244/57, Articles 14 and 15 of Legislative Decree No. 37 of 18 November 1966, and other provisions of the customs tariff for the application of which the Customs Policy Council (CPA) is responsible.

(b) **Prohibitions:**

- Motor vehicles and pleasure-craft of a so-called luxury character where the price in the country of origin (with or without optional equipment) is in excess of US$3,500 f.o.b., in accordance with Article 4 of Law No. 2410 of 29 January 1955;

- Wines in containers of a capacity in excess of 1 litre, in accordance with Legislative Decree No. 549 of 1937;
Imports without exchange cover and in the form of gifts, consisting of motor vehicles, jeeps and other similar vehicles, goods for immediate consumption that can be purchased without difficulty in the country, or those imported in excessive quantities in accordance with the administrative rules approved by the former SUMOC Council.

(c) Imports under State monopoly

- Petroleum, lubricating oils and other petroleum products, in metal containers or in bulk - these may be imported solely by the National Petroleum Council and by Petroleo Brasileiro S.A. (PETROBRAS), in accordance with Legislative Decree No. 395 of 29 April 1938 and Article 2 of Decree No. 53,337 of 23 December 1963. Crude petroleum may also be temporarily imported by licensed companies for refining, while PETROBRAS has the exclusive right to import petroleum products, subject to authorization by the National Petroleum Council.

- Wheat and wheat flour - These may be imported only by the Foreign Trade Department of the Bank of Brazil S.A. in accordance with Legislative Decree No. 210 of 27 November 1967 and Law No. 5,420 of 18 April 1968.

(d) Imports subject to prior authorization by government departments:

- Aircraft, aircraft engines and propellers - subject to permit issued by the Air Ministry in accordance with Decree No. 746 of 19 March 1962 as amended by Decree No. 51,853 of 19 March 1963 and Decree No. 62,004 of 29 December 1967;

- Live animals, eggs for hatching - subject to permit issued by the Ministry of Agriculture or by the State secretariats for agriculture to which the Ministry delegates powers. Resolution No. 21 of 14 September 1967 of the National Foreign Trade Council and Order No. of the Ministry of Agriculture;

- Natural or synthetic rubber - subject to presentation of a receipt for the charge for organization and regulation of the rubber market, issued by the National Rubber Council;

- Fishing boats - subject to permit from the National Fisheries Directorate (SUDEFE);

- Small craft - subject to permit from the National Merchant Marine Directorate (SUNAMAN);

- Franking machines and accessories therefor - although this is a monopoly of the Federal Government, imports are permitted by private bodies subject to a permit from the Director-General of the National Post and Telegraph Department - Decree No. 29,151 of 17 January 1951, Article 7c.
Equipment under control of the army (in addition to arms and ammunition, certain dangerous chemical products and raw materials used in the manufacture of explosives) - subject to permit from the Ministry for the Army, in accordance with Decree No. 55,649 of 28 January 1965, which lists the products to which it refers;

Ships and materials for shipbuilding and repair - subject to permit from the National Merchant Marine Directorate, in accordance with Legislative Decree No. 3,100 of 10 March 1941;

Live fish - subject to permit by the National Fisheries Directorate;

Salt - subject to permit from the Salt Commission, in accordance with Legislative Decree No. 257 of 28 February 1967;

Human blood, and components and derivatives thereof - subject to permit issued by the National Haemo-therapy Committee of the Ministry of Health, pursuant to the provisions of Article 6, paragraph 15 of Law No. 4,701 of 28 June 1965;

Seeds and seedlings - imports permitted only by bodies approved by the Ministry of Agriculture, in accordance with Law No. 4,727 of 17 July 1965 and Decree No. 57,061 of 15 October 1965.

Imports subject to the provisions of Article 4 of Law No. 3,244/57 or to the minimum price scale, or to the additional specific duties:

The products affected are listed in the Annexes to this note.

As regards the methods used in implementing the above-mentioned restrictions, it should be noted that the imports affected are subject to the granting of certificates or licences. Thus, when examining applications submitted by importers the Foreign Trade Department requires compliance with the formalities laid down in various laws, in resolutions of the Customs Policy Council and in its own notices announcing the rules to be observed by the parties concerned.

In examining applications, the Foreign Trade Department applies the exceptions concerning foreign products when like products exist in Brazil; in addition, it applies the flag privilege clause where appropriate, ensures that time-limits are observed, keeps a record of quotas to which certain advantages are granted on the basis of the quantities authorized, and lastly requires proof of purchase of the specified proportion of the Brazilian product.

In addition, Brazilian producers of products referred to by Article 4 of Law No. 3,244/57 are required to furnish information each month on their production, sales and stocks; these data, together with the statistics on imports carried out with or without tax advantages, furnish information on apparent domestic consumption and on the effect of the measure in question on disposal of domestic production.
IMPORT REGIME ACCORDING TO ORIGIN, AND BILATERAL AGREEMENTS

Suspension imports

CUBA - Imports from this country are suspended. Applications relating to foodstuffs, medicines and medical supplies are referred to CACEX.

Prohibited imports

SOUTHERN RHODESIA - All imports from this country are prohibited pursuant to Decree No. 62,980 of 12 July 1968, adopted following a resolution of the United Nations Security Council.

Imports under payments agreements

Imports from countries with which Brazil is linked by trade or payments agreements do not receive treatment different from that of other imports; however, when they are intended for consumption or processing in the country they may be settled in scrip within the limits of the technical credit balance which the parties grant each other in order to facilitate their mutual trade.

The agreements in force and their principal characteristics are as follows:

BULGARIA - Trade, payments and economic co-operation agreement of 21 April 1961 and additional protocol of 16 December 1963.
Duration: automatic renewal every twelve months.
Technical credit: US$2 million.
Interest: not applicable.
Modality for payment: letters of credit, transfers and payment orders.

GREECE - Provisional trade and payments agreement of 30 July 1960.
Duration: renewal every six months.
Currency: Greece-dollars - US$ Gr.
Technical credit: US$500,000
Interest: 3 per cent per annum calculated every six months.
Modality for payment: letters of credit and payment orders.

HUNGARY - Trade, payments and economic co-operation agreement of 15 June 1961.
Duration: automatic renewal every twelve months.
Technical credit: US$3 million.
Interest: 3 per cent per annum calculated every six months.
Modality for payment: letters of credit and payment orders.
ICELAND - Agreement of 1 November 1968 between the Central Bank of Iceland and the Central Bank of Brazil.

Duration: Indeterminate.

Currency: Iceland sterling - £ Icel.

Technical credit: £350,000.

Interest: 3 per cent per annum calculated every six months.

Modalities for payment: Letters of credit and payment orders.

ISRAEL - Trade and payments agreement of 26 April 1956.

Duration: Indeterminate.

Currency: Israel dollars.

Technical credit: US$1 million.

Interest: Not applicable.

Modalities for payment: Letters of credit.

YUGOSLAVIA - Trade and payments agreement of 1 April 1958 and additional protocol of 29 April 1961.

Duration: Automatic renewal every twelve months.


Technical credit: US$2 million.

Interest: 3 per cent per annum calculated every six months.

Modalities for payment: Letters of credit, calls and payment orders.

GERMANY, D.R. - Payments agreement between the Central Bank of Brazil and the Staatsbank der Deutschen Demokratischen Republik of 29 October 1968.

Duration: Three years from 1 September 1968.

Currency: DRG dollars - US$GDR.

Technical credit: US$8 million.

Interest: 5 per cent per annum calculated every six months.

POLAND - Trade and payments agreement of 19 March 1960.

Duration: Indeterminate.

Currency: Poland dollars - US$ Pol.

Technical credit: US$4 million.

Interest: Not applicable.

Modalities for payment: Letters of credit, calls and payment orders.
Trade, payments and economic cooperation agreement of 15 May 1961.

Duration: Automatic renewal every twelve months.

Currency: Romania dollars - US$ Rom.

Interest: 3 per cent per annum calculated every six months.

Technical credit: US$3 million.

Modalities for payment: Letters of credit.

Imports in cruzeiros

**BOLIVIA** - Frontier trade agreement of 29 March 1958.

Imports carried out under this agreement are intended for consumption by residents of the frontier areas and are exempt (subject to a maximum of 62 new cruzeiros per week and per natural person) from customs duties and charges, consular fees and all the fiscal charges in force or any that might be introduced.

Trade agreement (general) of 29 March 1958.

Under this agreement, purchases of Bolivian goods must as a general rule be settled in cruzeiros; they are exempt from taxes, surcharges and all other currency or exchange charges. They are, however, subject to customs duties at the bound rates fixed in the Brazilian national schedule (LAFTA) of concessions granted to Bolivia.

Transactions carried out under this head are subject to a permit issued by CACEX and may be settled according to one or other of the customary payment modalities for banking transactions (payment orders, calls or letters of credit), with the exclusion of the issue of cheques by agencies of the Bank of Brazil.

Transactions in other currencies are subject to the general rules of the country's exchange and foreign trade system.


The advantages covering imports carried out within the framework of this agreement are identical to those deriving from the general convention.

**PARAGUAY** - Goods originating in and imported from Paraguay may be settled in cruzeiros in the case of products included in the Brazilian national schedule (LAFTA) or in the special schedule of concessions granted by Brazil to Paraguay.

These transactions are subject to an import licensing system and payments must be made through the Bank of Brazil's agency at Asuncion (Paraguay) according to the customary modalities for banking transactions - payment orders, calls, letters of credit - with the exception of the issue of cheques by agencies of the Bank of Brazil.
Goods originating or imported from LAFTA

As a signatory to the Montevideo Treaty of 18 February 1960 establishing the Latin-American Free Trade Association, Brazil grants tariff advantages to goods originating in or imported from member countries of the Association, provided the products concerned are included in the Brazilian national schedule (LAFTA) or in the special schedules of concessions granted by Brazil to Bolivia, Ecuador, Paraguay and Uruguay.

Provision is also made within LAFTA for the signature as between contracting parties of industrial complementarity agreements which are considered as accessory instruments for the trade liberalization programme. At the present time the following complementarity agreements are in force:

(a) Accounting machines (Signatories: Argentina, Brazil, Chile, and Uruguay. Decree No. 1,451 of 11 October 1962);
(b) Electronic tubes and valves (Signatories: Argentina, Brazil, Chile, Mexico and Uruguay. Decree No. 1,451 of 11 October 1962);
(c) Electronic equipment and electrical communications equipment (Signatories: Brazil and Uruguay. Decree No. 58,952-A of 27 July 1966);
(d) Electrical, mechanical and thermic apparatus for domestic use (Signatories: Brazil and Uruguay. Decree No. 58,926-A of 27 July 1966);
(e) Chemical industry (Signatories: Argentina, Brazil, Colombia, Chile, Mexico, Peru, Uruguay and Venezuela. Decree No. 63,098 of 6 August 1968).

The member countries of LAFTA are: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela.

GENERAL AGREEMENT ON TARIFFS AND TRADE

Schedule III sets forth the products with respect to which Brazil, as a signatory to the General Agreement on Tariffs and Trade, has granted special tariff treatment when those products are imported from the territory of the other contracting parties.

The adoption of legislative Decree No. 63 of 21 November 1966, amending the customs tariff, made it necessary for the Brazilian Government to request GATT to grant a waiver under Article XXV:5 of the General Agreement from the obligations entered into by Brazil.

Negotiations for the revision of Schedule III are in progress.
PRODUCTS SUBJECT TO THE REGIME PROVIDED FOR UNDER ARTICLE 4 OF LAW NO. 3,244/57 AS AMENDED BY ARTICLE 7 OF LEGISLATIVE DECREES NO. 63 OF 21 NOVEMBER 1966

10.01.001 - WHEAT

EXEMPTION from duty, without requirement to purchase domestic product, within the limits of an annual QUOTA of 2,600,000 tons. Resolution No. 505 of the CPA.

This product is under State monopoly and may be imported solely by the Foreign Trade Department.

25.23.003 - ORDINARY PORTLAND CEMENT

REDUCTION of duty to 15 per cent, without requirement to purchase domestic product, within the limits of an annual QUOTA of 2 million tons. Resolution No. 591 of the CPA.

25.24.001 - ASBESTOS FIBRE

EXEMPTION from duty, subject to proof of purchase of Brazilian asbestos (chrysotile and anthophyllite) and provided purchases of these two varieties are equivalent to 21 per cent and 14 per cent respectively of the quantities to be imported. Resolution No. 642 of the CPA.

27.01/02/03 and 04 - ANTHRACITE; COAL, LIGNITE, PEAT, COKE AND SEMI-COKE

EXEMPTION from duty subject to decision by the Planning Commission for Brazilian coal (CPCAN). Resolution No. 587 of the CPA.

28.17.002 - CAUSTIC SODA (Sodium hydroxide)

EXEMPTION from duty subject to purchase of domestic product in the proportion of 100 per cent of the quantity to be imported. REDUCTION of duty to 15 per cent for areas which Brazilian industry has difficulty in supplying or if it is proved to be technically impossible to utilize the domestic product. This reduction, on the product intended for consumption by the purchaser, is granted to meet the real needs of consumers; a quota has been set at 7,500 tons for the second half of 1969 for the product intended for resale in States having supply difficulties (to the exclusion of other States). Resolution No. 640 of the CPA.

29-02-035 - BHC - Insecticide: Hexachlorocyclohexane

EXEMPTION from duty up to 160 per cent (in terms of gamma isomer) of the quantity purchased in Brazil.
Various headings in Chapter 31

- PHOSPHATE FERTILIZERS, EXCLUDING SLAG, as designated by the CPA.

EXEMPTION from duty subject to the purchase of the domestic product on the basis of the P₂O₅ content:

NORTHERN AREA (comprising the maritime States situated between the Pará and the Espírito Santo, plus the State of Amazonia and the territories of Amapá, Guaporé, Rondônia and Fernando Noronha):

100 per cent of the quantity purchased in the area.

CENTRAL AND SOUTHERN AREA (comprising the maritime States situated between the States of Rio de Janeiro and Santa Catarina, plus the States of Goiás, Mato Grosso and Minas Gerais):

40 per cent of the quantity purchased in the area.

SOUTHERN AREA, comprising the State of Rio Grande do Sul:

400 per cent of the quantity purchased in the area.

Various headings of the Brazilian Customs Tariff

- INSECTICIDES AND RAW MATERIALS THEREFOR - According to lists published by the CPA, after consultation with the Ministry of Agriculture.

EXEMPTION from duty for imports of products listed in Resolution 432 of the CPA and subsequent amendments thereto.

39-02-012-02

- LOW-DENSITY POLYETHYLENE

REDUCTION of duty to 10 per cent for a QUOTA of 14,500 tons to be unloaded before 29 August 1969, subject to purchase of the domestic product in the proportion of 165 per cent of the quantity to be imported.

Resolution No. 574 of the CPA.

73-06-001

- SLABS, BLOOMS, SQUARE BARS and BILLETS of ordinary low-carbon steel in conformity with the dimensions specified in the CPA resolution mentioned below.

EXEMPTION from duty, without requirement to purchase domestic product, within the limits of the following global quotas:

1969 - 250,000 tons; 1970 - 440,000 tons;
1971 - 430,000 tons; 1972 - 550,000 tons.

Resolution No. 618 of the CPA.

74-01-002

- UNWROUGHT COPPER

EXEMPTION from duty, without requirement to purchase domestic product.

Resolution No. 372 of the CPA.
74.-01-003 - COPPER - WASTE, FILINGS AND SCRAP

EXEMPTION from duty, without requirement to purchase domestic product.

Resolution No. 415 of the CPA.

76.-01-001 - UNWROUGHT ALUMINIUM

REDUCTION of duty to 10 per cent, subject to purchase of domestic product in the proportion of 66 per cent of the quantity to be imported.

Resolution No. 469 of the CPA.

78.-01-001 - UNWROUGHT LEAD

REDUCTION of duty to 10 per cent, subject to purchase of domestic product in the proportion of 400 per cent (first reduced to 100 per cent, then raised to 200 per cent, this latter proportion being applicable until 31 July 1969) of the quantity to be imported.

Resolutions Nos. 568, 539 and 584 of the CPA.

79.-01-001 - UNWROUGHT ZINC

REDUCTION of the duty to 10 per cent, subject to purchase of domestic product in the proportion of 12 per cent of the quantity to be imported. Domestic purchase not required in respect of imports of zinc with a purity of 99.9 per cent intended for consumption by undertakings that can prove that it is impossible for them to utilize any other type of zinc.

Resolution No. 498 of the CPA.

MEASURES ADOPTED SINCE 1966 WITH A VIEW TO RELAXING OR ADJUSTING THE RESTRICTIONS

Under Article 48 of Law No. 3,244/57, imports were classified in two categories: general and special.

Imports in the general category were not subject to prior licensing but a foreign exchange purchase certificate was required, the importer being obliged to show proof of prior conclusion of a firm exchange contract at the rates fixed by the Central Bank of Brazil, within the weekly limits in force.

For the special category, foreign exchange sale commitments had to be purchased in the exchange market and the surcharges on auction sales had to be paid; upon production of the corresponding receipt (PVC), the importer could then conclude a firm exchange contract at the rates fixed by the Central Bank and subsequently obtain the prior import licence.

In both cases a prior deposit was required; this was refunded after a specified period and in the proportions stipulated by the resolutions of the former Sumoc.
Since the end of 1965 the following amendments relaxing these restrictions have been made to the exchange régime:

(a) Resolution Bacen/9 of 13 November 1965 - eliminating the prior deposit on imports and releasing imports from LAFTA from the weekly limit for the purchase of foreign exchange;

(b) Resolution Bacen/23 of 31 May 1966 - eliminating the weekly limit imposed on importers for the purchase of foreign exchange;

(c) Resolution Bacen/35 of 17 September 1966 - eliminating the exchange cover certificate and replacing it by an import certificate valid for 120 days for products in the general category; these imports are no longer subject to the prior conclusion of a firm exchange contract; however, customs clearance of the goods is subject to presentation of a firm exchange contract by the importers;

(d) Resolution Bacen/41 of 2 November 1966 - with effect from 1 March 1967 products in the special category are subject to the regulations applicable to general category imports; consequently, all imports now come under the régime established by Resolution Bacen/35;

(e) Resolution Bacen/82 of 3 January 1968 - eliminating the need to show proof of conclusion of a firm exchange contract in order to be able to clear imports through customs; the exchange contract is established on presentation of the import certificate;

(f) Resolution Bacen/91 of 21 May 1968 - the validity of the firm contract is set at 180 days as from the date of embarkation abroad; the Central Bank may decide to extend this period to 360 days;

(g) Resolution Bacen/94 of 16 July 1968 - re-introducing the prior exchange contract requirement in respect of imports of products subject to duty at the rate of 50 per cent.

In the tariff field, the following amendments have been adopted in order to reduce tariff duties and charges; other amendments were made subsequently in order to correct advantages that were considered excessive.

(a) Article 163 of Legislative Decree No. 37 of 18 November 1966 abolished, as from 1 January 1968, the customs clearance charge referred to by Article 66 of Law No. 3,244/57; this cancellation has no practical effect, however, because Legislative Decree No. 333 of 12 October 1967 provides that as from the above-mentioned date (1 January 1968) the customs clearance charge (5 per cent ad valorem) is incorporated in the import duty;
(b) Legislative Decree No. 63 of 21 November 1966 published a new customs tariff, applicable as from 1 March 1967, providing for a large number of reductions in the customs duties fixed in the tariff accompanying Law No. 3,244/57; consequently all the tariff concessions granted by Brazil to GATT countries (paragraph 2, Article 1 of Legislative Decree No. 63) have been temporarily cancelled under a waiver granted by the international organization subject to renegotiations;

(c) Legislative Decree No. 169 of 14 February 1967 provides that the customs duties set forth in the import tariff accompanying Law No. 3,244/57 and still in force at that time, together with the duties established by the tariff introduced by Legislative Decree No. 63 of 21 November 1966, will be applied with a reduction of 20 per cent. The single paragraph of Article 2 of that Legislative Decree provides for the application of the same 20 per cent reduction to the bound rates relating to goods included in Brazil's national schedule of concessions granted to the LAFTA countries;

(d) Legislative Decree No. 264 of 28 February 1967 contains the following provisions:

- The rates established in the tariff published at the same time as Legislative Decree No. 63, to take effect on 1 March 1967, are to be reduced in the following proportions:
  - from 120 per cent to 100 per cent
  - from 100 per cent to 80 per cent
  - from 80 per cent to 65 per cent
  - from 70 per cent to 55 per cent
  - from 60 per cent to 50 per cent
  - from 50 per cent to 40 per cent
  - from 40 per cent to 32 per cent
  - from 35 per cent to 28 per cent
  - from 30 per cent to 25 per cent
  - from 25 per cent to 20 per cent
  - from 20 per cent to 15 per cent
  - from 15 per cent to 12 per cent

- Duties of 10 per cent or less will not be changed;

- Article 1 of Legislative Decree No. 169 of 14 February 1967 is deleted, its provisions having been cancelled by the list of reductions given above;
The 20 per cent reduction will continue to be applied to the bound rates set forth in Brazil's national schedule of concessions to the LAFTA countries;

Acting on a recommendation by the Customs Policy Council, and after the renegotiation of Schedule III with the contracting parties to the General Agreement on Tariffs and Trade (GATT), the Executive will establish by decree the definitive rates of that Schedule.

These measures, among which the principal ones are the transfer of all products into the general category, the reduction of most rates by nearly 20 per cent pursuant to Legislative Decree No. 63, and thereafter the further 20 per cent reduction pursuant to Legislative Decrees Nos. 169 and 264, have resulted in an increase in Brazil's imports, which is causing concern for the national industry and the Government.

In order to check import expansion, the Government has taken the following measures, some of which have been already mentioned:

(a) Resolution Bacen/91 of 21 May 1968, under which the firm exchange contract is valid for a period of 180 days as from the date of embarkation abroad;

(b) Resolution Bacen/94 of 16 July 1968, re-introducing the requirement of a prior exchange contract in respect of imports of products subject to duty at the rate of 50 per cent;

(c) Legislative Decree No. 333 of 12 October 1967, increasing all duties by the 5 per cent clearance charge which had previously been eliminated;

(d) Legislative Decree No. 398 of 30 December 1968 which contains a long list of tariff headings, relating mainly to products formerly in the special category and for which the duties have been raised or will be raised by 100 per cent ad valorem; this Legislative Decree includes in particular the following provisions:

- The rate of duty on concentrated alcohol extract used for the manufacture of whisky and falling within sub-heading 22-09-005 is set at 80 per cent;

- A minimum tariff is established for passenger vehicles, including sports cars, utility vans and station wagons, falling within sub-headings 87-03-001/002/003;

- These increases do not affect the bound rates in Brazil's national schedule of concessions to the LAFTA countries;

- These amendments are to remain in force until 31 December 1971.