In response to wishes expressed at the meeting of the Council on 16 December 1966, the delegation of Brazil has transmitted to the secretariat the text of Decree Law No. 63 of 21 November 1966 which reformulates the customs tariff of Brazil (see document L/2723, paragraph 4). The text of the Law is reproduced hereunder.

The delegation of Brazil has also transmitted to the secretariat a document containing the main dispositions of Law No. 5025 of 10 June 1966, which contains provisions liberalizing Brazil's foreign trade system. A limited number of copies of this document (in English) are available at the secretariat.

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**DECREE LAW NO. 63, OF 21 NOVEMBER 1966**

**AMENDING THE CUSTOMS TARIFF ANNEXED TO LAW NO. 3244 AND INTRODUCING OTHER MEASURES**

**Article 1** - Import duty shall be charged according to the customs tariff annexed hereto and in the manner established by the relevant legislation.

1. The new customs tariff shall enter into force on 1 March 1967, on which date the tariff annexed to Law No. 3244, of 14 August 1957 shall be revoked.

2. The rates provided for in the customs tariff shall be applied to the items comprising Schedule III - Brazil, negotiated within the framework of the General Agreement on Tariffs and Trade (GATT), and the Executive shall take the necessary steps to reconstitute that Schedule.

**Article 2** - In order to ensure proper implementation of the objectives of the new tariff or to correct any distortion that might result from its adoption, the Customs Policy Council shall, before 28 February 1967, make any necessary readjustments in the tariff level; for that purpose, it may make an upward or downward adjustment of not more than 60 per cent ad valorem in the established tariff level.
1. In the implementation of the provisions of this Article, account shall be taken of measures designed to encourage Brazil's agriculture, including those relating to supplies of products originating in other production sectors.

2. The procedure established by Article 22 of Law No. 3244 of 14 August 1957 shall not apply to the carrying out of the responsibilities provided for in this Article.

Article 3 - Undertakings or economic associations with an interest in the readjustments provided for in Article 2 may approach the Customs Policy Council, through the intermediary of their respective national confederations.

Suggestions presented to the Customs Policy Council must be accompanied by a definitive opinion of the national confederation in the economic sector concerned, such opinion being based on a technical and economic study observing the principle of the unity of the tariff and the criteria of correlation, articulation and harmony as between the tariff levels according to the degree of processing of the merchandise concerned.

Article 4 - The provisions of Article 22 of Law No. 3244 shall not apply to cases where the rate of duty is modified because of economic considerations of an overall nature.

Article 5 - Duty rates that may prove to be excessively high for the proper implementation of the objectives of the customs tariff may be reduced in an amount of up to 100 per cent ad valorem.

Article 6 - The Customs Policy Council shall establish the list of minimum values or shall apply any compensatory mechanisms that may prove necessary, including the provision of additional charges, in the form of a special rate, in order to give adequate support to the production of goods which are transferred from the special category to the general category of imports and the manufacture of which is threatened by unfair competition from like imported merchandise.

Article 7 - Article 4 of Law No. 3244 of 14 August 1957 is hereby amended as follows:

"When there is no national production of a raw material or primary product, or when national production thereof is insufficient to meet domestic consumption requirements, exemption may be granted or a reduction made of the duty in respect of all imports or complementary imports, as the case may be."
1. The exemption or reduction of duty, in accordance with the situation in regard to production and marketing, and subject to criteria established by the Customs Policy Council, shall be granted:

   (a) following proof that there is no domestic production or, where such production exists, following proof of acquisition, prior to customs clearance, of a certain amount of the national product at the source of production, or proof of refusal or of inability to supply within the time limits and at normal prices;

   (b) by means of the establishment of tariff quotas to be global and/or established for a specified period of not more than one year, or of quotas fixed on the basis of a percentage of national consumption.

2. The concession shall be of a general character in relation to each type of product, once the disposal of the entire national production is guaranteed and while observing, in regard to price, the definition in Article 3 of Decree Law No. 37 of 18 November 1966.

3. When, in the event of a shortage in the internal market it becomes essential to purchase abroad essential foodstuffs, raw materials and other primary products the Customs Policy Council may grant for such imports an exemption from import duty and customs clearance charge, after having consulted the bodies responsible for carrying out the supply and production policy.

4. Documents constituting proof of acquisition of the amount of national product as provided for in this Article and in the related notes in the customs tariff shall be valid for not more than one year as from the date of issue.

5. Exemption from import duty on a raw material or any other primary product, whether or not manufactured, and whether or not intended for processing, may not encourage imports complementary to national production unless the provisions of this Article have been applied.

Article 8 - Note No. 183 to the customs tariff is hereby amended as follows:

"Note 183 - The Customs Policy Council may, according to criteria established by it, grant a reduction of not more than 50 per cent in the general rate of the tariff with respect to equipment and machinery falling within Chapter 84, industrial machinery and equipment falling within Chapter 85 of the customs tariff where they are intended for agricultural or industrial use and there is no like national product, and likewise with respect to the necessary parts required for assembling or manufacturing them in the country."
Article 9 - Note No. 185 to the customs tariff is hereby amended as follows:

"Duty shall be charged separately on electric motors accompanying machinery and equipment falling within this section; where the motor has a common chassis or forms an integral part of the machinery or equipment, the duty chargeable on the machinery or equipment shall also be charged on the motor, in conformity with the interpretative rules established by the Customs Policy Council, which may also apply criteria based on the relative values of the whole and of the motor."

Article 10 - The provisions of Article 166 of Decree Law No. 37 of 18 November 1966 shall not apply to the Customs Policy Council.

Article 11 - Notes Nos. 39, 45 and 162 of the former customs tariff are hereby revoked, provided that Article 4 of Law No. 3244 of 14 August 1957 shall apply to complementary imports of the goods to which those notes apply.

Article 12 - Those provisions of Law No. 3244 of 14 August 1957 which are not revoked by the present Decree Law shall remain in force.

Article 13 - The Customs Policy Council, through the intermediary of the Ministry of Finance, is authorized to sign agreements for co-operation with other public and private organizations not acting for pecuniary gain, where this proves necessary for the completion of its studies and for the better execution of its legal responsibilities.

Article 14 - In carrying out the responsibilities entrusted to it by this Decree Law, the Customs Policy Council shall have the co-operation and necessary resources of other organizations concerned in particular with the planning and promotion of development.

Article 15 - The representative of the Ministry of Planning and Economic Co-ordination shall be added to the list of government representatives in Article 24(b) of Law No. 3244 of 14 August 1957.

Article 16 - The following shall be members of the Brazilian Nomenclature Committee as referred to in Article 156 of Decree Law No. 37 of 18 November 1966:

1 (one) representative of the Central Bank
1 (one) representative of the Customs Policy Council, Technical Secretariat
1 (one) representative of the National Foreign Trade Council
1 (one) representative of the Brazilian Geographic and Statistical Institute

Article 17 - All provisions to the contrary being hereby revoked, this Decree Law shall enter into force from the date of its publication.

Brasília, 21 November 1966.