DECLARATION ON ARTICLE XXVIII

Communication from the Brazilian Government

With reference to its decision not to sign the Declaration, the Brazilian Government has communicated to the Executive Secretary the annexed memorandum.

The Executive Secretary understands that the Brazilian Government is now proceeding to review its customs tariff, for the reasons set out in the memorandum, with a view to the submission of proposed revisions for approval by the Brazilian Parliament in a few months time. It is the intention of the Brazilian Government in due course to communicate to the CONTRACTING PARTIES information as to the changes proposed in rates included in Schedule III. At that time the Brazilian Government will be prepared to enter into negotiations with interested contracting parties in accordance with the provisions of Article XXVIII. Meantime, the Brazilian Government is prepared to furnish to contracting parties any further information which they may require on matters referred to in the communication set out above.

ANNEX

Memorandum transmitted by the Brazilian Government on 26 December 1953

1. The Brazilian Government wishes to inform the Executive Secretary that changes have been introduced into the commercial policy of Brazil which basically alter the existing system. The main purpose of the new measures is gradually to achieve greater freedom in the foreign trade of Brazil, thus enabling Brazilian importers to select the goods to be imported and to choose among supplying countries.

2. Although the total figure of imports still depends on the proceeds of exports, the provisions which have been adopted will make for greater freedom in trade, thus making trade competition more effective. On the other hand, as a result of the existing exchange regulations, which have been approved by the International Monetary Fund, the commercial policy of Brazil is more closely integrated with the General Agreement, since its principles are those
that are laid down in the General Agreement, namely a balanced trade free of any
discrimination or restriction, or involving only discriminations or restrictions
strictly limited to the minimum necessary to safeguard the balance-of-payments
of the country concerned.

3. However, as a result of the above-mentioned measures, which were instituted
after the participation of the Brazilian Delegation in the Eighth Session of the
CONTRACTING PARTIES, it has been noted that the lack of tariff protection for
domestic production has been aggravated in that domestic production is practically
devoid of any protection owing to the fact that our tariff is technically obsolete
and that its rates of duty which are specific rates, are extremely low.

4. The Brazilian Government is therefore not in a position to agree to the
prolongation of the assured life of existing tariff concessions under the scheme
established during the last session of the CONTRACTING PARTIES. The Brazilian
Government may have to submit for approval by the legislative power a new customs
tariff affording better protection to national labour. The Brazilian Government
hopes that the CONTRACTING PARTIES will approve this new orientation of their
policy through which they reaffirm their faithfulness to the Agreement, since the
objective of achieving greater freedom in trade which provides the basis for the
new exchange provisions and which furthermore the contracting parties to GATT
have always endeavoured to attain, is the main reason why the lack of adequate
protection for Brazilian production has been aggravated.

5. It is essential to point out that the case under consideration offers four
characteristic features:

(a) the Brazilian tariff is a specific one and dates back to
1934;

(b) the lack of tariff protection has been aggravated by the
steps recently taken in the domain of commercial policy
such steps being clearly aimed at the liberalization of
trade;

(c) those measures were adopted nearly at the close of the
Eighth Session of the CONTRACTING PARTIES and this is
the reason why the Brazilian Delegation to the Eighth
Session could not receive in time instructions on this
point;

(d) the customs tariff under examination will not be of a
discriminatory nature.