IMPORT RESTRICTIONS OF BRAZIL

Modification of the System of Control and Restrictions

The following is the text of Instruction No. 204 issued by the Brazilian Superintendence of Money and Credit on 13 March 1961, introducing certain modifications in the foreign exchange and trade control system.

This text has been supplied by the Brazilian delegation for the information of the CONTRACTING PARTIES.

INSTRUCTION NO. 204 OF THE SUPERINTENDANCE OF MONEY AND CREDIT

SUMOC decides, in accordance with the deliberations of the Council on 13 March 1961 and with the provisions of Article 3, paragraph "h", and 6 of Legislative Decree No. 7293 of 2 February 1945, and of Article 2 of Law No. 2145 of 29 December 1953, in conjunction with the provisions of Law No. 3244 of 14 August 1957:

I. To allow all exchange transactions for the importation of goods to take place on the free exchange market, with the exception of the cases provided for in Nos. V and IX of the present Instruction.

Transactions in non-convertible currencies shall continue to take place at the rates fixed by the Carteira de Câmbio of the Bank of Brazil.

II. To subordinate the granting of a consular visa and the customs clearance of "general" imports to the production of a certificate of foreign exchange to be issued by the Carteira de Câmbio of the Bank of Brazil. The issue of such a certificate shall depend:

(a) On the conclusion of an exchange contract with the Bank of Brazil or other authorized bank, subject to a time limit which in the latter case shall not exceed 180 days, transactions being limited to US$20,000 (twenty thousand dollars) per firm per week for all the financial centres of the country.
The Council of SUMOC shall fix special exchange quotas to be supplied direct by the Carteira de Câmbio of the Bank of Brazil in cases in which it is considered absolutely necessary to extend the limits fixed above.

(b) On evidence of the deposit in national currency at the Bank of Brazil, within five days of the conclusion of the exchange transaction, of a sum equivalent to the contract mentioned above against delivery of 150-day (one hundred and fifty day) bills to the order of the importer and carrying interest at the rate of 6 per cent (six per cent) per annum.

(c) On the supply of information as to the price of the goods abroad and any other information judged necessary by the Carteira de Comércio Exterior.

III. To limit "special" imports to the aggregate value determined by the Council of SUMOC.

For these imports it shall be necessary to obtain a prior licence (licença prévia), issued by the Carteira de Comércio Exterior on submission of a certificate that the importer has acquired a "licence promise" at a public auction on a Brazilian stock exchange, and on compliance with the requirements laid down in No.II (a), (b) and (c) of the present Instruction.

IV. To reduce gradually, as from the second half of the current year, the deposit limitations and time limits specified in No.II (a) and (b).

V. (a) To adopt the rate of Cr$200.00 per dollar or the equivalent in other currencies, exclusive of banking, fiscal and brokerage charges, for the sale of foreign currency applicable to imports of goods mentioned in Article 50, paragraph 1 of Law No. 3244 of 14 August 1957, the said amount to be payable in two instalments, the first of Cr$150.00 at the time of import authorization, and the second of Cr$50.00 within 120 days.

(b) To adopt the rate of Cr$200.00 per dollar or the equivalent in other currencies; exclusive of banking, fiscal and brokerage charges, for the transfers of funds abroad indicated in Article 51, paragraph 1, subparagraphs I, II, III (a) and (b) of Law No. 3244 dated 14 August 1957, the said amount to be payable in two instalments, the first of Cr$150.00 per dollar or the equivalent in other currencies at the time of transfer, and the second of Cr$50.00 within 120 days.

Undertakings which have to await government authorization to readjust the price of their goods or services may ask SUMOC for an extension of the time limits indicated with regard to an increase in the rate of exchange provided for in this paragraph.

The case of undertakings which, as a result of this Instruction, may need to be granted a subsidy or have their subsidy readjusted will be examined by Congress.
Undertakings which are still in the stage of realizing investments financed abroad may consult with the National Bank of Economic Development as to the possibility of undertaking financing operations or issuing shares in order to obtain additional capital resources.

VI. To eliminate gradually, as from the second half of the current year, the difference between the fixed rate of Cr$200.00 mentioned in the foregoing paragraphs and that of the free exchange market.

VII. To stipulate that:

(a) the difference in cruzeiros between the rate of exchange for the exportation of green coffee beans, roasted, ground or not, fixed at Cr$90.00 per dollar or the equivalent in other currencies, exclusive of banking, fiscal and brokerage charges, and the rate at which the corresponding foreign currency is sold by the Bank of Brazil, shall be deposited at SUMOC to cover expenses in connexion with price defence operations abroad and with the stimulation of consumption, and to defray the costs incurred in connexion with the improvement of present methods of coffee cultivation or the partial replacement of coffee by other more suitable crops;

(b) the difference in cruzeiros between the rate of exchange fixed for the export of cocoa beans and their derivatives with a view to the maintenance of the present domestic price and the rate at which the corresponding foreign currency is sold by the Bank of Brazil, shall be deposited at SUMOC to make up the guaranteed domestic price in case of a marked decline in the international quotation, to maintain an adequate price ratio between cocoa beans and their derivatives and to improve methods of cultivation.

VIII. To add to the sums paid to SUMOC as mentioned under VII the proceeds of the sale of "licence promises" by auction, and of the total "premiums" due to the Bank of Brazil, and to exclude therefrom the amount necessary to cover the deficit in the "premiums" and the debits derived from purchase and sale transactions in export products.

IX. To maintain the former rate of Cr$18.92 per dollar or the equivalent in other currencies for outstanding promises to sell foreign exchange.

X. Purchases of foreign currency arising from exports on the free market shall be paid for as follows:

(a) Cr$100.00 per dollar or the equivalent in other currencies by means of the bills referred to in paragraph III (b) of Instruction No. 192 of 30 December 1959 at 120 days and carrying interest at the rate of 6 per cent per annum;

(b) the balance in ordinary currency.