NEW BRAZILIAN CUSTOMS TARIFF

(Technical Group)

Replies furnished by the Brazilian Delegation to specific questions

1. Which are the principles that guided the drafting of the new customs tariff of Brazil?

The principles are contained in the message sent by the Minister of Finance to the President of the Republic together with the draft of the revised tariff. The message quotes the terms of reference given to the Commission charged with the revision of the tariff appointed by the President of the Republic:

"To review the customs tariff, in the light of the instruments of commercial policy of the country, aiming at the granting of protection and incentives to agricultural and industrial production, at the improvement of their quality and at encouraging the transfer of foreign factories to Brazil and also the immigration of technicians".

2. Which are the criteria for the distribution of the products among the nineteen levels of taxation mentioned by the Brazilian Delegation? (See Spec/183/56)

Having regard to the principles which have guided the drafting of the Tariff, and to the fact that part of the agios which are now playing the rôle of an invisible tariff will be transferred to the Customs Tariff, the following guides have been utilized to effect that distribution:

(a) behaviour of the agios by category and by product;
(b) criteria in operation for ten years for the issuance of import permits by the extinct Department of Exports and Imports of the Bank of Brazil;
(c) studies made by the Economic Research Department of the Bank of Brazil;
(d) statistics of the International Trade (Department of Financial and Economical Statistics of the Ministry of Finance);
(e) statistical studies of the Coastal Navigation for the analysis of the relationship between the National and the nationalized products;

Spec/194/56
(f) special statistics of the Customs Revenue Department, since 1947, year by year, tariff item by tariff item, commodity group by commodity group, to study the significance of the present specific rates as well as their equivalence to the ad valorem rates;

(g) studies made by the Department for Registrations on the similar goods produced by the Brazilian economy;

(h) analysis of the experience of the Department of External Trade of the Bank of Brazil specially through the records of the Consultative Commission for External Trade;

(i) consultations for all sectors of activities with government experts and representatives of the producing and trading classes;

(j) visits to the producing centres;

(k) studies of the Commission for Industrial Development, as well as its sub-Commissions established to deal with some sectors separately.

These sources helped to find out the relationship between the technical development concerning the various products and the consequent necessity for protection. This protection is established at a minimum degree in order to stimulate the quality of the national production.

3. How can the powers be exercised which are given to the Brazilian Government under Article XVI of the "Preliminary Regulations for the Application of the Tariff"?

Evidently this article as far as the obligations of Brazil toward GATT are concerned will be applied according to the rules of the General Agreement.

4. How will the internal tax system operate?

As we had the opportunity of stating once again in the course of the present session of GATT, the Government submitted to Congress a project for the revision of the existing excise law. No discrimination between national and foreign products appears in the aforementioned text. The tariff will constitute the only element of such discrimination.

5. How will the products be evaluated for customs purposes?

The question has been answered in document Spec/183/56 (page 1 - General remarks - paragraph f) which contains the declaration made by the Brazilian Delegation at the first meeting of the Working Party.

6. How will foreign currencies be converted into cruzeiros?

The answer was given in document Spec/183/56 (page 3 - the new tariff and the auction system - paragraph g)
7. Will consular formalities be required after the introduction of the new tariff?

As pointed out by the Leader of our Delegation in the Plenary Meeting of the CONTRACTING PARTIES, and confirmed by our Delegate in the Working Party dealing with customs problems, it is the intention of the Brazilian Government to re-examine its position insofar as the simplification of the consular formalities, particularly the abolition of consular invoices is concerned.

8. How does the new tariff affect the tariff concessions negotiated at Geneva, Annecy and Torquay? (Schedule 3)

As has been recognised by the sub-group, the present Brazilian customs tariff is totally obsolete. Therefore, having in view the principles that guided the drafting of the new tariff, the Brazilian Government believes it to be practically impossible to maintain the levels of taxations agreed upon with the CONTRACTING PARTIES in the aforesaid negotiations.

It is enough to recall, as already explained in the meeting of the Technical Group on 27 October, 1956, that revenue collected through customs in all items, bound and unbound represents only 1/54 of the real protection granted by the existing auction system.

9. Which is the value of import trade as compared with the level of import charges higher than 80 per cent?

Almost 98 per cent of the value of our imports correspond to the goods included among the first four categories established for the functioning of the auction system.

The remainder, included in the fifth category, does not attain 3 per cent and absorbs:

<table>
<thead>
<tr>
<th>%</th>
<th>100</th>
<th>125</th>
<th>150</th>
</tr>
</thead>
<tbody>
<tr>
<td>71.81</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>94.22</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>98.89</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>84.37</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>