HAVING RECEIVED from the Government of Brazil a notification to the effect that it has been compelled to take emergency measures directed towards the solution of an acute internal problem arising out of the impossibility of continuing the existing fiscal structure which has proved incapable of meeting the needs of orderly and progressive economic developments, and that an essential factor in its programme for the reform of its fiscal structure is a tariff revision so comprehensive that it constitutes the enactment of a new customs tariff,

CONSIDERING that the entry into force of the new tariff will involve the withdrawal or modification of a large number of the concessions negotiated by Brazil and incorporated in Schedule III and that in view of the urgency of the situation it will not be practicable for the Brazilian Government to carry out negotiations in accordance with article XXVIII before the entry into force of the new tariff, and

NOTING, without prejudice to the rights of contracting parties in respect of nullification and impairment of benefits accruing to them under the General Agreement, that the Brazilian Government has given assurances to the CONTRACTING PARTIES

(a) that during the period covered by this Decision the introduction of the new tariff will not result in any significant increase in the price of imports in the Brazilian market, nor bring about an alteration of the existing pattern of imports, nor reduce the volume of trade in accordance with the availability of foreign exchange,

(b) that the Brazilian Government will eliminate certain discriminatory aspects of the controls at present in force, and in particular that rules for the conversion of exchange for customs valuation will be so drawn and administered as to eliminate discrimination as between sources of supply and between different types of goods,

(c) that, simultaneously with the introduction of the new tariff, the Brazilian Government will eliminate the discriminatory application of internal taxes, and

(d) that it will take the necessary measures to simplify the system of consular formalities in order to make it consistent with the provisions of the General Agreement, and in particular will not continue to require the presentation of consular invoices,
THE CONTRACTING PARTIES

ACTING pursuant to the provisions of paragraph 5(a) of Article XXV

DECIDE that the provisions of Article II paragraph 1 of the General Agreement are waived to the extent necessary to permit the Brazilian Government to put into force its new customs tariff immediately following its enactment subject to the following terms and conditions:

1. The Brazilian Government will undertake to begin negotiation of Schedule III to the General Agreement with other contracting parties as soon as possible after the new tariff is enacted, the negotiations to be completed and the results put into effect within a period not to exceed one year from the date of such enactment, provided that this period may be extended by the CONTRACTING PARTIES upon application by all the parties to the negotiations.

2. Pending the entry into force of the results of the negotiations, the other contracting parties will be free to suspend the application of concessions initially negotiated with Brazil (subject, as regards contracting parties which have a principal supplying interest or a substantial interest, to procedures analogous to those provided for in Article XXVIII) as well as the application to Brazil of those provisions of the General Agreement which give to any contracting party with a principal supplying interest or a substantial interest a right to negotiation or consultation with respect to concessions initially negotiated with another contracting party.

3. As soon as the negotiations referred to in paragraph 1 above are completed the Brazilian Government and other negotiating contracting parties shall submit to the CONTRACTING PARTIES a report on the results of the negotiations and on other action taken in pursuance of this Decision. The CONTRACTING PARTIES may make such recommendations to Brazil and to other contracting parties as they may deem appropriate. In particular, if any negotiating contracting party considers that the situation resulting from the negotiations and other action pursuant to this Decision does not constitute a mutually satisfactory adjustment, the CONTRACTING PARTIES shall authorize the suspension of the mutual obligations of that contracting party and of Brazil under the General Agreement.

4. Together with the report referred to in paragraph 3 above, the Brazilian Government and other negotiating contracting parties will submit to the CONTRACTING PARTIES the revised schedules resulting from such negotiations provided that any
contracting party determined by the CONTRACTING PARTIES to have a principal supplying interest or a substantial interest in any concession which would be modified or withdrawn as a result of such negotiations will be entitled to take the action contemplated in paragraph 3 of Article XXVIII (revised) of the General Agreement. The date of submission of the revised schedule will be deemed to be the date on which written notice of withdrawal of a concession is received by the CONTRACTING PARTIES for the purposes of paragraph 3 of Article XXVIII (revised).

THE CONTRACTING PARTIES DECIDE FURTHER to establish a Tariff Negotiations Committee to consider questions of general concern to the negotiating parties and to make the necessary arrangements for the conduct of the negotiations referred to in paragraph 1 above.