The following communication, dated 23 November 1978, has been received from the delegation of Brazil.

1. Certain countries participating in the Multilateral Trade Negotiations have presented requests to Brazil concerning the allegedly excessive severity of penalties applied in cases of errors in import documents.

2. Law No. 6,562, of this year, made certain changes in the Brazilian system of penalties for error or fraud in import documents, in order better to adjust the system to the factual situation of Brazil's import system. In particular, Law No. 6,562 has reworded Article No. 169 of Decree-Law No. 37 dated 18 November 1966 and, for various cases, has alleviated the penalties provided under Decree-Law No. 37.

3. Tables A and B, annexed hereto, allow a comparison between the former system of penalties and the new provisions recently established by Law No. 6,562.

4. My country considers that the changes in the system of penalties, recently brought into effect by Law No. 6,562, constitute an important contribution to the Multilateral Trade Negotiations and a positive response to requests addressed to Brazil in the non-tariff field.

5. Furthermore, given the reasons explained bilaterally to the countries concerned, my country does not consider that the system of penalties formerly applied constituted a barrier to trade.

6. I would be glad if you would kindly circulate this letter and the annexed tables to all countries participating in the Multilateral Trade Negotiations and likewise hold available at the secretariat offices a copy of the texts of Law No. 6,562 and the earlier legislation on penalties, for consultation by any countries that may so wish.
<table>
<thead>
<tr>
<th>Limits of amount of fines</th>
<th>Cumulation of penalties</th>
<th>Definition of value of goods</th>
<th>Not deemed an infringement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FORMER WORDING</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unlimited</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NEW WORDING, UNDER LAW NO. 5.562/78</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower limit: 5,000 cruzeiros</td>
<td></td>
<td>Apart from cases of under-invoicing or over-invoicing, if two or more infringements are committed simultaneously, only the most serious one is penalized,</td>
<td>A difference not exceeding 10 per cent for price or 5 per cent for quantity or weight</td>
</tr>
<tr>
<td>Upper limit: 50,000 cruzeiros, in the case of shipment before issue of the import licence or up to forty days after its validity expires, or in case of non-presentation of the detailed list of products imported or of presentation after the time-limit has expired, on condition there has been no default of payment of financial or exchange fees (values may be updated on the basis of the ORTN (Readjustable Obligations of the National Treasury)).</td>
<td>Value determined under the legislation concerning the basis for calculating import charges (currently c.i.f.)</td>
<td>(a) A difference not exceeding 10 per cent for price or 5 per cent for quantity, providing they are not simultaneous.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(b) Cases of shipment prior to issue of an import licence or up to forty days after its validity expires, of non-presentation of the detailed list of products imported or presentation after the time-limit has expired, if the data indicated in the import licence or in an equivalent document have been amended by the competent authority.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(c) Imports of machinery and equipment obviously originating in a specific country, forming a set of integrated elements, even if they contain parts or components produced in other countries that are not mentioned in the import licence.</td>
</tr>
<tr>
<td>Infringements Mentioned in Article 169 of Decree-Law No. 37/66</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Table B</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Infringement</th>
<th>Former wording</th>
<th>New wording under Law No. 6,562/76</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of Import licence or equivalent document</td>
<td>100 per cent of value of the goods</td>
<td>(a) In case of failure to lodge deposit or pay financial or exchange fees: 100 per cent of value of the goods</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(b) Otherwise: 30 per cent of value of the goods</td>
</tr>
<tr>
<td>Non-observance of an exchange control requirement for payment or deposit of surcharges</td>
<td>100 per cent of value of the goods</td>
<td>See column 8,</td>
</tr>
<tr>
<td>Under-invoicing and over-invoicing</td>
<td>100 per cent of amount of the fraud</td>
<td>100 per cent of the difference</td>
</tr>
<tr>
<td>Any other kind of exchange fraud</td>
<td>100 per cent of amount of the fraud</td>
<td>(a) Up to 20 days: 10 per cent of value of the goods</td>
</tr>
<tr>
<td>Shipments of goods prior to issue of Import licence or equivalent document</td>
<td>100 per cent of value of the goods</td>
<td>(b) From 20 to 40 days: 20 per cent of value of the goods</td>
</tr>
<tr>
<td>Non-presentation of detailed list of products imported,</td>
<td>100 per cent of value of the goods</td>
<td>(c) More than 40 days:</td>
</tr>
<tr>
<td>or presentation after time-limit has expired</td>
<td></td>
<td>1 - In case of failure to lodge deposit or pay financial or exchange fees: 100 per cent of value of the goods</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 - Otherwise: 30 per cent of value of the goods</td>
</tr>
<tr>
<td>Non-observance of other provisions of the Import regulations</td>
<td></td>
<td>20 per cent of value of the goods</td>
</tr>
</tbody>
</table>

Notes:
1. See column 8.
2. See column 9.
3. See column 10.
4. See column 11.
5. See column 12.
7. See column 14.
8. See column 15.
9. See column 16.
10. See column 17.
11. See column 18.
12. See column 19.
13. See column 20.
15. See column 22.
16. See column 23.
17. See column 24.
18. See column 25.
20. See column 27.
21. See column 28.
22. See column 29.
23. See column 30.
24. See column 31.
25. See column 32.
26. See column 33.
27. See column 34.
28. See column 35.
29. See column 36.
30. See column 37.
31. See column 38.
32. See column 39.
33. See column 40.
34. See column 41.
35. See column 42.
36. See column 43.
37. See column 44.
38. See column 45.
39. See column 46.
40. See column 47.
41. See column 48.
42. See column 49.
43. See column 50.
44. See column 51.
45. See column 52.
46. See column 53.
47. See column 54.
48. See column 55.
49. See column 56.
50. See column 57.
51. See column 58.
52. See column 59.
53. See column 60.
54. See column 61.
55. See column 62.
56. See column 63.
57. See column 64.
58. See column 65.
59. See column 66.
60. See column 67.
61. See column 68.
62. See column 69.
63. See column 70.
64. See column 71.
65. See column 72.
66. See column 73.
67. See column 74.
68. See column 75.
69. See column 76.
70. See column 77.
71. See column 78.
72. See column 79.
73. See column 80.
74. See column 81.
75. See column 82.
76. See column 83.
77. See column 84.
78. See column 85.
79. See column 86.
80. See column 87.
81. See column 88.
82. See column 89.
83. See column 90.
84. See column 91.
85. See column 92.
86. See column 93.
87. See column 94.
88. See column 95.
89. See column 96.
90. See column 97.
91. See column 98.
92. See column 99.
93. See column 100.