REPLIES BY BRAZIL TO QUESTIONS
SUBMITTED BY CANADA CONCERNING THE
BRAZILIAN COUNTERVAILING LEGISLATION
(SCM/1/Add.26/Suppl.3 dated 29 October 1992)

The following reply, dated 11 October 1993, has been received from the Permanent Mission of Brazil concerning the questions raised by Canada in document SCM/W/294.

Question:

Article 1 of directive No. 974/91 provides that the amount of a subsidy shall be calculated by taking the difference between the f.o.b. price to Brazil and an estimated price (taking as a reference the price received by the producer in the country of origin). This would appear to represent a calculation of dumping. It would appear to be contrary to the calculation of a subsidy on the basis of the amount of subsidy that can be attributed to the product under investigation.

Could Brazil explain in more detail how Brazilian legislation would apply this "estimated price" to a given product under investigation?

Reply (to two first questions):

The method of calculation established by the directive No. 974/91 (following Decree No. 174/91) is intended as a referential threshold before the initiation of the investigation. It does not replace the actual calculation, to be based on information collected during the investigation, including that provided by exporters in replies to questionnaires.

Question:

How are the percentages (2.08 per cent and 1.04 per cent) in the definition of volumes of significant quantity derived under Article 3.1(a) and 3.1(b) of Direction No. 444/91? Are they intended as a means of quantifying de minimis?

Reply:

As responded preliminarily by Brazil during the regular meeting on 28-29 April 1993, the percentages do represent a de minimis concept.
The percentage of 2.08 was established as means of administrative convenience. It represents one week, *per annum* domestic consumption or production, i.e., 100 per cent divided by twelve (months), divided by four (weeks). The period of one week is an average established after thorough consultation between all interested sectors through the National Council of Agricultural Policy (CNPA). The percentage of 1.04 is applied in the event of concentration of imports in a reduced period.