Letters relating to the Brazilian Tariff

The following exchange of letters between the Chairman of the Tariff Negotiations Working Party and the Leader of the Brazilian Delegation is circulated for the information of the members of the Tariff Agreement Committee.

H.E. A.de V. Ferreira Braga
Brazilian Delegation

Dear Mr. Braga:

A question has been raised in the Tariff Negotiations Working Party as to the status of the tariff concessions granted by Brazil in Schedule III of the General Agreement on Tariffs and Trade, in relation to the proposal before the Brazilian legislature looking toward a general adjustment of the Brazilian tariff to take account of the devaluation of the cruzeiro.

You will recall that the other countries negotiating at Geneva, cognizant of the effect of this basic devaluation on the long-term protective incidence of the Brazilian tariff, have accepted the existing tariff, plus a general upward adjustment of 40 per cent, as a basis for negotiations; and as a consequence all concessions offered by Brazil have been agreed to on the understanding that the scheduled rates reflected this proposed adjustment.

In view of the foregoing, and of the questions raised concerning the entry into force of the proposed legislation, I would appreciate word from you confirming the understanding that any adjustment of the existing Brazilian tariff, including that reflected in Schedule III, will be a general one, designed to take account of the effect of the devaluation of the cruzeiro on the Brazilian tariff as a whole.

It is of course understood that in the circumstances the Government of Brazil would be completely free to maintain the existing Brazilian tariff on any product for which a lower duty is not provided for in Schedule III of the General Agreement.

L.D. Wilgress
Chairman
Tariff Negotiations Working Party
To: Hon. L.D. Wilgress,
    Chairman of the Tariff Agreement Committee.

From: Mr. A. de Vilhena Ferreira-Braga,
    Head of the Brazilian Delegation.

Sir,

I have the honour to acknowledge receipt of your letter of the 23rd instant concerning the application of the 40% readjustment to the Brazilian Customs Tariff.

In reply, I have pleasure in informing you that, in accordance with the terms of the Message from the President of the Republic to the Brazilian Legislature and in accordance with the provisions of the draft law on this subject which is already passing through Congress, the above-mentioned readjustment, which is based on the devaluation of the currency, will be applied to all the Items of the Brazilian Tariff.

Only a certain number of Items considered as essential for consumption will perhaps be excluded from this readjustment. These exceptions are in conformity with the policy of tariff reduction which we have been planning at Geneva and with the spirit of the Charter of the International Trade Organization.

I have the honour to be, etc.

(Sgd.) A. de Vilhena Ferreira-Braga
    Head of the Brazilian Delegation