

NB - For Bilateral Agreements on Tariff  
Concessions, see Vol. IV of the  
United States.

DÉLÉGATION PERMANENTE DU BRÉSIL

33. RUE CARTERET  
1202 GENÈVE - SUISSE

Geneva, October 24, 1979.

No. 197

Mr. Olivier Long  
Chairman  
Trade Negotiations Committee  
GATT

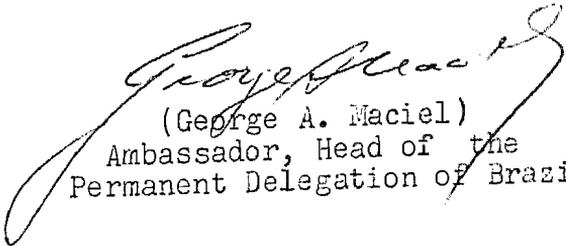
Dear Mr. Long,

I have the pleasure to transmit to you the enclosed list of tariff concessions by Brazil. This list is to be added to Schedule III - Brazil and, pending procedures for final approval by the Brazilian Government, will constitute Brazil's tariff offer to the Multilateral Trade Negotiations, to be annexed to the Complementary Protocol to the Geneva (1979) Protocol to the GATT.

2. In drawing up the present list, the Brazilian authorities took into consideration, among other factors, the overall response to Brazil's priority requests to the other MTN participants, the relevant provisions on reciprocity under the GATT, and the scope and reach of Brazil's contribution to the non-tariff area negotiations.

3. I would appreciate it if the attached list of concessions be deposited in the Secretariat, at the disposal of interested MTN participants for verification.

Accept, Sir, the assurances of my highest consideration.

  
(George A. Maciel)  
Ambassador, Head of the  
Permanent Delegation of Brazil

SCHEDULE III - BRAZIL

PART I - (continued)

| Tariff item number | Description of products  | Base rate of duty | Concession rate of duty |
|--------------------|--|-------------------|-------------------------|
| 84.34.01.00        | Perforators for use with type-setting machines of all types (intertypes, linotypes, monotypes and the like)  | %                 | %                       |
| 84.45.40.00        | Gear making machines (of a kind Pfauffer, Fellows, Maag, Bilgram, Gleason, etc.)                             | 30                | 20                      |
| 84.45.55.01        | Machines tools for bending, folding, straightening, coiling and similar operations, weighing up to 9.000 kg. | 20                | 20                      |
| 84.59.04.99        | Machines tools for bending, folding, straightening, coiling and similar operations, weighing up to 9.000 kg. | 45                | 40                      |
| 84.60.04.00        | Any other machinery for use in artificial plastics, rubber and similar industries                            | 15                | 15                      |
| 84.63.12.99        | Chill-moulds for rubber and artificial plastic materials   | 45                | 30                      |
| 86.09.09.99        | Friction gears or discs (excluding those of plastic materials)   | 55                | 50                      |
| 90.19.08.00        | Any other breaking equipment   | 37                | 37                      |
|                    | Pacemaker  | 15                | 15                      |
|                    |  |                   |                         |

SCHEDULE III - BRAZIL

PART II

Preferential tariff

| Tariff item number | Description of products | Base rate of duty | Concession rate of duty |
|--------------------|-------------------------|-------------------|-------------------------|
|                    | N i l.                  |                   |                         |

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

MTN/23

5 December 1978

Special Distribution

Multilateral Trade Negotiations

Original: French/  
Portuguese

## COMMUNICATION FROM THE DELEGATION OF BRAZIL

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.

REMARKS

TABLE A

|   | Limits of amount of fines   | Cumulation of penalties  | Definition of value of goods   | Not deemed an infringement   |
|---|---|--|--|--|
| <p><u>FORMER WORDING</u></p>  | <p>Unlimited</p>  | <p>-</p>   | <p>Calculated on the basis of the exchange cost (f.o.b.) plus the amount of exchange charges applicable upon import weight</p> | <p>A difference not exceeding 10 per cent for price or 5 per cent for quantity or weight</p>   |
| <p><u>NEW WORDING,</u><br/><u>UNDER LAW</u><br/><u>NO. 6,562/78</u></p> | <p>Lower limit:<br/>5,000 cruzeiros<br/>Upper limit:<br/>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 of payment of financial or exchange fees (values may be updated on the basis of the ORTN (Headjustable Obligations of the National Treasury)).</p> | <p>Apart from cases of under-invoicing or over-invoicing, if two or more infringements are committed simultaneously, only the most serious one is penalized.</p> | <p>Value determined under the legislation concerning the basis for calculating import charges (currently c.i.f.)</p>           | <p>(a) A difference not exceeding 10 per cent for price or 5 per cent for quantity, providing they are not simultaneous.<br/>(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.<br/>(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.</p> |

INFRACTIONS MENTIONED IN ARTICLE 169 OF DECREE-LAW NO. 37/66

|   | (1)  | (2)  | (3)                                 | (4)                                 | (5)  | (6)   | (7)   | (8)  |
|---|--|--|-------------------------------------|-------------------------------------|--|---|---|--|
|   | Lack of import licence or equivalent document  | Non-observance of an exchange control requirement for payment or deposit of surcharges | Under-invoicing and over-invoicing  | Any other kind of exchange fraud    | Shipment of goods prior to issue of import licence or equivalent document  | Shipment of goods prior to issue of import licence or equivalent document | Non-presentation of detailed list of products imported, or presentation after time-limit has expired  | Non-observance of other provisions of the import regulations |
| <u>FORMER WORDING</u>                     | 100 per cent of value of the goods.  | 100 per cent of value of the goods   | 100 per cent of amount of the fraud | 100 per cent of amount of the fraud | 100 per cent of value of the goods   | 100 per cent of value of the goods  | 100 per cent of value of the goods  | -  |
| <u>NEW WORDING UNDER LAW NO. 5,562/76</u> | (a) In case of failure to lodge deposit or pay financial or exchange fees: 100 per cent of value of the goods.<br>(b) Otherwise: 30 per cent of value of the goods | See column 8.  | 100 per cent of the difference      | -                                   | (a) Up to 20 days: 10 per cent of value of the goods<br>(b) From 20 to 40 days: 20 per cent of value of the goods<br>(c) More than 40 days:<br>1 - In case of failure to lodge deposit or pay financial or exchange fees: 100 per cent of value of the goods<br>2 - Otherwise: 30 per cent of the value of the goods | 30 per cent of value of the goods   | (a) In case of failure to lodge deposit or pay financial or exchange fees: 100 per cent of value of the goods<br>(b) Otherwise: 30 per cent of value of the goods | 20 per cent of value of the goods                            |

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

RESTRICTED

MTN/22

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Multilateral Trade Negotiations

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Portuguese

COMMUNICATION FROM THE DELEGATION OF BRAZIL

The following communication, dated 15 November 1978, has been received from the delegation of Brazil.

I am enclosing herewith an informative note on the new simplified system of customs clearance of imported goods (DAS) which is being implemented by the Brazilian authorities.

It has already been possible to establish that, according to the new DAS system, imported goods take, in average, forty-eight hours to clear customs. Faster customs clearance resulting from the further rationalization of administrative import procedures instituted by the DAS system represents a considerable reduction in the costs of importation, to the benefit of both Brazilian importers and exporters to the Brazilian market.

The adoption and implementation of the DAS system is an important contribution by Brazil to the Multilateral Trade Negotiations. It responds to requests for simplification of import procedures and expedites the Brazilian import procedures.

It should be noted that the Brazilian Government does not consider that the system of customs clearance of goods, even prior to current improvements, constituted in any manner a barrier to trade.

I would be grateful if you would circulate this information to all participants to the MTN. I would also be grateful if you would file with the secretariat, for purposes of consultation by interested delegations, the enclosed legislation on the DAS system.

SIMPLIFIED CUSTOMS CLEARANCE

I. OBJECTIVES

The simplified system of customs clearance ("Despacho aduaneiro simplificado" - DAS) has been established with the following objectives:

- (a) to speed up customs clearance of goods which, after being unloaded at the port or airport, are thus made available to importers more rapidly;
- (b) to reduce the costs incurred by importers, by condensing formalities, limiting the number of documents to be produced, eliminating intermediaries and cutting storage costs in port or airport installations;
- (c) to achieve rational functioning of the machinery of administration through an appropriate customs inspection system;
- (d) to respect the provisions of Article VIII:1, in fine, of the General Agreement, concerning the simplification of customs formalities;
- (e) to apply in the customs field the philosophy of integration as between the tax authorities and the taxpayer, as is already the case in other fields.

2. Although implementation of the system is still only in the early stages, the first perceptible effects show that these objectives can be achieved. It suffices to indicate that, as a general rule, goods can now become available to importers on the working day immediately following that of registration of the import declaration. In certain cases the two operations can even be carried out in a single day.

3. One can thus establish the following comparison as between the DAS and the conventional customs clearance system in regard to the time that normally elapses before goods are given customs clearance:

| <u>DAS</u> | <u>Conventional system</u> |
|------------|----------------------------|
| 48 hours   | 168 hours                  |

The difference is still more pronounced for customs clearance of goods eligible for tax advantages which are subject to more complicated formalities under the conventional system.

## II. METHOD OF APPLICATION

4. The DAS system is being introduced gradually, starting with large industrial undertakings. The intention is to extend it progressively to all importers.

5. Institution of the DAS system is accompanied by various activities, namely:

- (a) information and briefing of tax officials with customs inspection responsibilities, in particular those who intervene in the first stage, prior to customs clearance of goods;
- (b) training of all officials concerned with administrative tasks;
- (c) training of personnel of undertakings to which the system is to apply;
- (d) counselling of undertakings and administrative services through regional and local inspectors, so as to find a solution rapidly to any problems that might arise;
- (e) continuing supervision and assessment so that any distortions can be corrected immediately.

6. These activities have been undertaken and are continuing on the basis of careful programming, which has proved itself quite satisfactory in practice.

## III. OPERATIONAL ASPECTS

7. It was deemed preferable to take the most effective course, i.e. to find a conciliation formula for implementing the simplified system by using:

- (a) existing legal instruments;
- (b) the existing tax administration structure;
- (c) forms already in use, with a few minor innovations.

8. Accordingly, it was decided to move inspection and tax formalities out of the stage prior to customs clearance of goods, by providing a second stage that would postpone them to a later date. Given the existing structure of the competent Brazilian organs, one can expect that the objectives can be attained under the new system without detriment to effective inspection.

9. Although, generally speaking, customs clearance of goods takes place in the primary zone - ports, airports and even frontier posts - a solution has been found so as not to hamper the modern technique of door-to-door transport (containerized loads). Accordingly, for undertakings using containers, customs clearance can take place at the point of destination, i.e. through the institution of a system of customs supervision for containers. Containerized goods are delivered to the importer at his own premises, and it is then that the containers are opened and the goods are inspected and given customs clearance.

10. Studies have been undertaken, and are now at an advanced stage, with a view to simplifying formalities for transit of goods and temporary admission of containers.

#### IV. FINAL CONSIDERATIONS

11. The attached table shows the lengthy series of inspections and tax formalities that have been eliminated from the first stage and will be carried out after customs clearance of goods. One can see that certain formalities to be carried out by importers will, likewise, take place after customs clearance. Under the DAS system, the procedure is therefore in a direct line and is virtually limited to two formalities: examination of the register and preliminary examination (these are superficial), then inspection and customs clearance.

12. It should be noted that even if irregularities are detected (and whether or not they can be remedied), customs clearance of goods is not held up on that account. The importer will remedy the irregularities or will penalize himself later. That is why the DAS can be called a system of confidence (in the importer), and this justifies the application of administrative penalties to negligent or defaulting importers.

13. Furthermore, importers and the customs administration benefit from the fact that any disputes that have arisen between the two parties are examined together at specified intervals, and this procedure always takes place after customs clearance of the goods, without any guarantee being required.

14. It should be noted that the DAS system offers an important additional advantage to beneficiaries, in that payment of charges is postponed; it is made only after customs clearance of the goods, more specifically on the fifteenth day of the following month, in the form of a single payment covering all customs clearances in the preceding month, using just one DARF.

15. It should likewise be noted that the simplification process is only beginning and one can hope that it will lead as soon as possible to a reform of the relevant legal instruments which will have favourable effects on the Brazilian Government's debureaucratization efforts.

CUSTOMS CLEARANCE OF IMPORTED GOODS

Sequence of Formalities

COMPARATIVE TABLE

CONVENTIONAL SYSTEM

SIMPLIFIED SYSTEM

FIRST STAGE

(prior to customs clearance of goods)

|  |    |  |
|--|----|--|
| IMP prepares DI                                    | 1. | IMP prepares DI                        |
| IMP prepares DARF (one for each DI)                | 2. | .....                                  |
| IMP presents DI and DARF to Customs Office (I)     | 3. | IMP presents DI to Customs Office      |
| Customs Office (I)                                 | 4. | Customs Office (I)                     |
| (a) consults register (IMP)                        |    | (a) consults register (IMP)            |
| (b) makes preliminary examination (DI)             |    | (b) makes preliminary examination (DI) |
| (c) examines DARF                                  |    | (c) .....                              |
| (d) returns DOCs to IMP                            |    | (d) .....                              |
| IMP presents DI and DARF to collecting bank which: | 5. |  |
| (a) examines DI                                    |    |  |
| (b) examines DARF                                  |    |  |
| (c) compares DI and DARF                           |    |  |
| (d) collects the relevant charges                  |    |  |
| (e) authenticates all copies of DI                 |    | .....                                  |
| (f) authenticates all copies of DARF               |    |  |
| (g) returns one copy of DARF to IMP                |    |  |
| (h) retains one copy of DARF                       |    |  |
| (i) forwards DI and DARF to Customs Office (I)     |    |  |

Customs Office (I) numbers DI and

- (a) checks figures
- (b) forwards DI to Customs Office (II)

Customs Office (II) receives DI and:

- (a) checks GI
- (b) forwards DI to Customs Office (III)

Customs Office (III) receives DI and:

- (a) makes a documentary examination (DI x bill of lading, invoice, etc.)
- (b) verifies entitlement to advantages granted (exemption, reduction, etc.)
- (c) ensures that any omission or error is remedied
- (d) notes any irregularities
- (e) forwards DI to Customs Office (IV)

Customs Office (IV) receives DI and:

- (a) checks the manifest
- (b) forwards DI to Customs Office (V)

Customs Office (V) receives DI and within 5 days:

- (a) re-examines documents
- (b) inspects the goods
- (c) (1) gives customs clearance to the goods if everything is in order
- (c) (2) in the case of irregularities, draws up a notice of infringement and withholds the goods

6. Customs Office (I) numbers DI and

- (a) .....
- (b) transmits DI to Customs Office (V)

7.

8.

9.

10. Customs Office (V) receives DI and within 48 hours:

- (1)
  - (a) examines the documents
  - (b) inspects the goods
  - (c) (1) gives customs clearance to the goods if everything is in order
  - (c) (2) in case of irregularities, notes them and gives customs clearance to the goods

In case of a notice of infringement Customs Office (V):

- (a) withholds the goods
- (b) informs IMP that he must either accept what the customs require or make an objection

If IMP accepts what Customs Office (V) requires:

- (a) he prepares a DCI
- (b) he prepares a DARF
- (c) he has the DCI and DARF endorsed
- (d) he presents the DCI and DARF to the collecting bank, which collects the amount demanded
- (e) he presents the DCI and DARF, duly receipted, to Customs Office (V) and obtains customs clearance of the goods

If IMP does not accept what Customs Office (V) requires:

- (a) he makes an objection
- (b) he can request customs clearance of the goods after lodging a deposit or guaranty equivalent to the amount required by Customs Office (V)

Customs Office (VI), after receiving the application of IMP (11(2)(b)) can release the goods

Customs Office (VI), in case of objection by IMP (11(2)(a)) can:

- (a) settle the dispute in favour of IMP
- (b) settle the dispute against IMP

10.  
(2)

11.  
(1)

11.  
(2)

12.  
(1)

12.  
(2)

Customs Office (V), in case 12(2)(a)), gives customs clearance to the goods, if they have not already been released (12(1))

13.

In case 12(2)(b), IMP can:

14.

- (a) accept the decision and prepare the DCI and DARF with a view to paying the amount demanded
- (b) appeal to the administrative tribunal (third Council of Tax-Payers)

SECOND STAGE

(after customs clearance of the goods)

Customs Office (VII) re-examines DI and can:

15.

- (a) file it away
- (b) if it finds any irregularities, can require reparation

16.

Customs Office (IV)

- (a) checks the manifest
- (b) forwards DI to Customs Office (VII)

17.

IMP prepares a MAM (one per month, covering all imports in the preceding month) and on that basis prepares DARF (one per month)

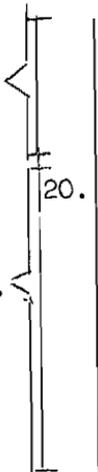
18.

IMP presents DARF to the collecting bank and pays the charges (only once per month, covering all imports in the preceding month)

19.

Not later than the fifteenth day of each month, IMP presents the MAM and DARF to Customs Office (VII); at the same time:

- (a) he presents his commercial invoices if they were not attached to DI;



(b) he presents DCI if any irregularities have been found  
[10(1)(c)(2)]

20. Customs Office (VII) calculates total charges for all imports in the period considered and can:

- 
- (a) file away the DI
  - (b) if it has found any irregularities, require reparation

FEDERAL PUBLIC SERVICE

KEY

| ABBREVIATIONS   | INDICATIONS   |
|---|---|
| DARF = Documento de Arrecadação das Receitas Federais (federal revenue collection form) | Customs Office (I) - Responsible for formalities prior to customs clearance   |
| DI = Declaração de Importação (import declaration)                                      | Customs Office (II) - Responsible for supplementary exchange control activities   |
| DCI = Declaração Complementar de Importação (supplementary import declaration)          | Customs Office (III) - Responsible for checking documents required for customs clearance and for verifying eligibility for advantages granted     |
| DOCs = Documentos (documents)   |   |
| GI = Guia de Importação (import licence)  |   |
| IMP = Importador (importer)   |   |
| MAM = Mapa de apuração Mensal (monthly settlement form)                                 | Customs Office (IV) - Responsible for checking the manifest   |
|   | Customs Office (V) - Responsible for general formalities and in particular inspection and customs clearance of the goods                          |
|   | Customs Office (VI) - Customs Directorate (primary zone)  |
|   | Customs Office (VII) - Offices of the federal revenue secretariat, established in the secondary zone (outside ports, airports and frontier posts) |

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

MTN/25

13 February 1979

Special Distribution

Multilateral Trade Negotiations

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French

## COMMUNICATION FROM THE DELEGATION OF BRAZIL

The following communication, dated 5 February 1979, has been received from the delegation of Brazil.

On 24 January 1979 the National Monetary Council of Brazil approved the attached decision concerning a phase-out of the IPI and ICM export benefits, which are the over-rebates on the Federal Tax on Industrialized Products and on the State Tax on Circulation of Goods.

It should be noted that this decision constitutes a contribution to which my authorities attach a great importance in the context of the negotiations for a Code on Subsidies and Countervailing Measures and in the context of the Multilateral Trade Negotiations as a whole.

### EXPORT MEASURES

The President of the Republic, acting under his authority and having regard to Article 55:II of the Constitution, hereby decrees as follows:

Article 1 - The tax relief mentioned in Article 1 of Decree-Law No. 491 of 5 March 1969 shall be reduced gradually until definitively eliminated.

Paragraph I - During the 1979 financial year, the above-mentioned tax relief shall be reduced in the following proportions:

- (a) on 24 January, by 10 per cent;
- (b) on 31 March, by 5 per cent;
- (c) on 30 June, by 5 per cent;
- (d) on 30 September, by 5 per cent;
- (e) on 31 December, by 5 per cent.

Paragraph II - As from 1980, the tax relief shall be reduced by 5 per cent at each new stage of the following calendar, established for each financial year - 31 March, 30 June, 30 September and 31 December - until its definitive elimination on 30 June 1983.

Paragraph III - The rate of tax relief applied on the date of entry into force of this Decree-Law shall be the basic element for calculating the amount of the reductions provided for in paragraphs I and II.

Article 2 - This Decree-Law shall enter into force on the date of its publication, all provisions not consistent with it being revoked.