

# WORLD TRADE ORGANIZATION

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## BRAZIL - CERTAIN MEASURES AFFECTING TRADE AND INVESTMENT IN THE AUTOMOTIVE SECTOR

### Request for Consultations by the United States

The following communication, dated 9 August 1996, from the Permanent Mission of the United States to the Permanent Mission of Brazil and the Dispute Settlement Body, is circulated in accordance with Article 4.4 of the DSU.

My authorities have instructed me to request consultations with the Government of Brazil pursuant to Articles 1 and 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU), Article XXII:1 of the General Agreement on Tariffs and Trade 1994 ("GATT 1994"), Article 8 of the Agreement on Trade-Related Investment Measures (the "TRIMs Agreement"), and Articles 4.1, 7.1 and 30 of the Agreement on Subsidies and Countervailing Measures (the "Subsidies Agreement"), regarding certain measures affecting trade and investment in the automotive sector implemented by Brazil beginning in December 1995 under Provisional Measure No. 1,235 and Decree 1,761, as well as measures which extend or modify those measures. The measures in question provide, *inter alia*, for benefits to manufacturers of motor vehicles and parts, in the form of a reduction in duties on their imports of certain products; such benefits are conditional on compliance with average domestic content requirement, trade-balancing and local content requirements with regard to inputs, and other criteria which may be imposed by the Ministry of Trade.

The United States considers that these measures violate the obligations of Brazil under Articles I:1 and III:4 of the GATT 1994, Article 2 of the TRIMs Agreement, and Articles 3 and 27.4 of the Subsidies Agreement. The United States also considers that these measure nullify or impair benefits accruing to the United States directly or indirectly under Article II of GATT 1994 within the meaning of Article XXIII:1(b) of GATT 1994. The United States reserves the right to raise additional factual claims and legal matters during the course of the consultations.

We look forward to receiving your reply to this request and to fixing a mutually acceptable date for consultations.