

BRAZIL – EXPORT FINANCING PROGRAMME FOR AIRCRAFT

Recourse by Canada to Article 21.5 of the DSU

Notification of an Appeal by Brazil under paragraph 8 of
Article 4 of the Agreement on Subsidies and Countervailing Measures
and paragraph 4 of Article 16 of the Understanding on Rules
and Procedures Governing the Settlement of Disputes

The following notification, dated 22 May 2000, sent by Brazil to the Dispute Settlement Body (DSB), is circulated to Members. This notification also constitutes the Notice of Appeal, filed on the same day with the Appellate Body, pursuant to the *Working Procedures for Appellate Review*.

The Government of Brazil hereby notifies the Appellate Body and the Dispute Settlement Body of its decision to appeal certain issues of law and legal interpretations developed by the Panel in its Report on *Brazil – Export Financing Programme for Aircraft – Recourse by Canada to Article 21.5 of the DSU*, as well as certain legal findings and conclusions of the Panel.

Brazil gives this notice pursuant to Article 4.8 of the *Agreement on Subsidies and Countervailing Measures*, Article 16.4 of the *Understanding on Rules and Procedures Governing the Settlement of Disputes*, and Rules XX and XXI(1) of the *Working Procedures for Appellate Review*.

Brazil asks that the Appellate Body reverse the following legal findings and conclusions of the Panel, and the legal interpretations that support these findings and conclusions:

1. That Brazil's continued issuance of PROEX support, pursuant to letters of commitment issued prior to 18 November 1999, is inconsistent with the requirements of Article 3.2 of the *Agreement on Subsidies and Countervailing Measures* ("*SCM Agreement*").
2. That the first paragraph of Item (k) of Annex I to the *SCM Agreement* cannot be used to establish that PROEX interest equalization payments for aircraft are permitted.
3. That payments under PROEX are not "payments" within the meaning of the first paragraph of Item (k) of Annex I to the *SCM Agreement*.
4. That PROEX payments are used to secure a material advantage in the field of export credit terms within the meaning of the first paragraph of item (k) of Annex I to the *SCM Agreement*.
5. That Brazil's measures to comply with the recommendations and rulings of the Dispute Settlement Body do not exist or are not consistent with the *SCM Agreement*, and that Brazil has failed to implement the DSB's 20 August 1999 recommendation.

To the extent required by any of these requested reversals, Brazil also asks that the Appellate Body complete the Panel's analysis, as appropriate.
