

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

Request to Join Consultations

Communication from the European Communities

The following communication, dated 23 August 1996, from the Permanent Delegation of the European Commission to the Permanent Mission of the United States and to the Dispute Settlement Body, is circulated in accordance with Article 4.11 of the DSU.

Pursuant to the procedures laid down in Article 4.11 of the Understanding on rules and Procedures Governing the Settlement of Disputes, the European Community wishes to be joined in the consultations under Article XXII:1 of the General Agreement on Tariffs and Trade 1994 (GATT 1994), Article 8 of the Agreement on trade Related Investment Measures (TRIMs Agreement) and Articles 4.1, 7.1 and 30 of the Agreement on Subsidies and Countervailing Measures (SCM Agreement) requested by the United States by a communication circulated to WTO Members on 14 August 1996 (Document WT/DS52/1, G/L/99, G/SCM/D5/1, G/TRIMS/D/2) 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 and 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.

The European Community has a major trade interest in the Brazilian market. Exports of the main automobile parts and components originating in the European Community amounted to more than ECU 630 million in 1995. EC exports of finished vehicles (headings 8701 to 8705) during the same period amounted to nearly ECU 1,659 million. The foreseeable effect of the measures adopted by Brazil on these exchanges is likely to be detrimental for the European Community interests.