

**BRAZIL – EXPORT FINANCING PROGRAMME FOR AIRCRAFT**

Status Report by Brazil

The following communication, dated 19 November 1999, from the Permanent Mission of Brazil to the Dispute Settlement Body, is circulated pursuant to Article 21.6 of the DSU.

**Status Report on the Implementation of the Recommendations and Rulings in the  
Dispute Regarding Brazil – Export Financing Programme for Aircraft**

At the DSB meeting of 20 August 1999, the Panel and Appellate Body reports regarding the case "Brazil – Export Financing Programme for Aircraft" were adopted (WT/DS46/R and WT/DS46/AB/R). Brazil was thereby required to bring the measures found to be inconsistent with its obligations under the Agreement on Subsidies and Countervailing Measures into conformity with that Agreement within 90 days.

On 13 September, pursuant to Article 4.9 of the SCM Agreement and Article 21.3 of the DSU, Brazil informed the Dispute Settlement Body, in writing (WT/DS46/11), of its intention to comply with the recommendations contained in the reports cited above.

My authorities have now instructed me to inform you that Brazil has effectively implemented the DSB recommendations within the 90 day period established by the Panel and upheld by the Appellate Body.

Equalisation payments under PROEX will be granted only to the extent that the net interest rate applicable to a transaction under that Programme is brought down to the appropriate international market "benchmark".

All implementing legislation is fully compatible with Provisory Measure 1892-32, dated 22 October 1999, which establishes in Article 1:

"In financing operations linked to exports of national goods or services and employing resources from the Special Programme for Official Credit Operations, the National Treasury may contract, within the framework of "PROEX – Programa de Financiamento às Exportações", financial obligations compatible with those negotiated in the international market."<sup>1</sup>

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<sup>1</sup> Unofficial translation. Text in Portuguese reads as follows: "Nas operações de financiamento com recursos da programação Especial das Operações Oficiais de Crédito, vinculadas à exportação de bens ou serviços Nacionais, o Tesouro Nacional poderá pactuar

The implementing regulation includes:

- (i) a Resolution by the National Monetary Council altering its own Resolution 2576, dated 17 December 1998, which establishes the criteria applicable to PROEX interest rate equalisation payments; and
- (ii) a Central Bank Circular Letter which establishes new maximum equalisation percentages and revokes Circular Letter 2843, dated 25 March 1999.

These regulations will be published at the official gazette in the next few days.

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